Peabody

Annual Report and Accounts 2023

Closer to our Customers

Who is *Peabody?*

We're one of the UK's oldest not-for-profit housing associations.

We want to help people flourish by providing great homes and housing services and making a positive impact in communities. We also create an inspiring, inclusive place to work.

Our values

Our values turn our purpose into reality. They are shared by colleagues, residents and the Board and give us a focus on what matters most at Peabody.

Do the right thing

Pull together

Be kind

Celebrate diversity

Love new ideas

Keep our promises

Our homes at a glance

The Peabody Group is responsible for 107,000 homes in London and the Home Counties, providing services to more than 220,000 residents. We also provide care and support services to around 17,500 customers.

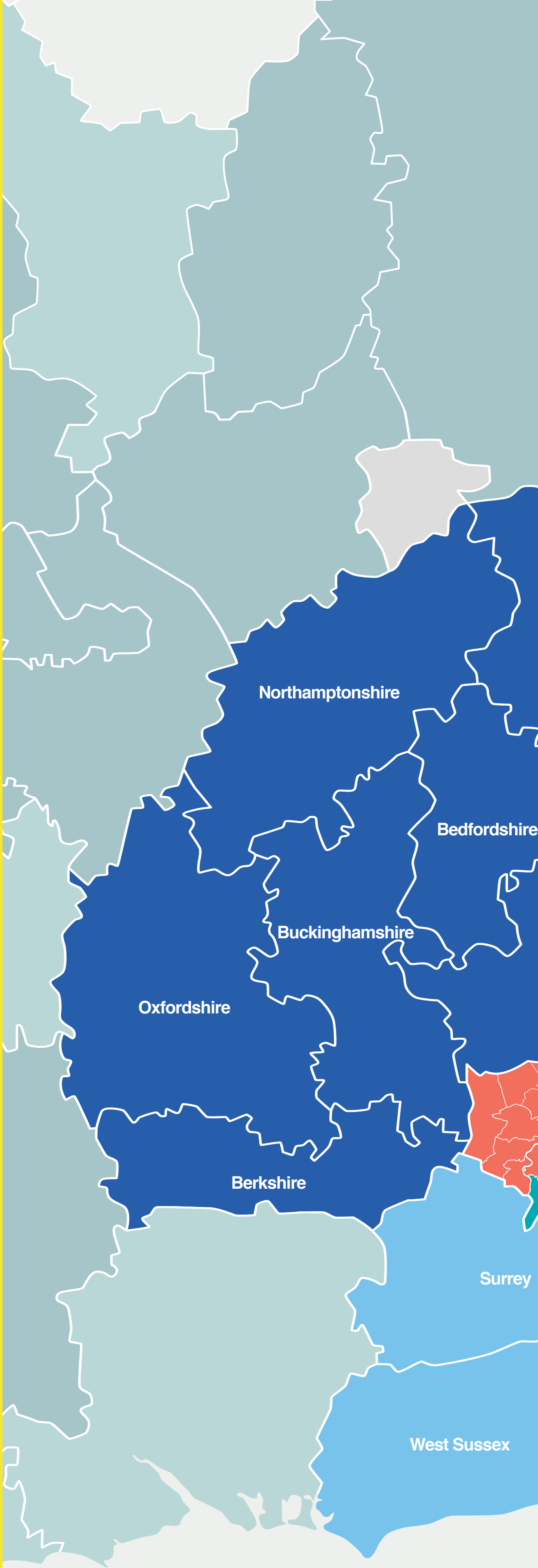
Following the joining together with Catalyst in April 2022, the new Group brings together the values and history of both organisations. We take a personal and local approach to delivering services to residents and customers.

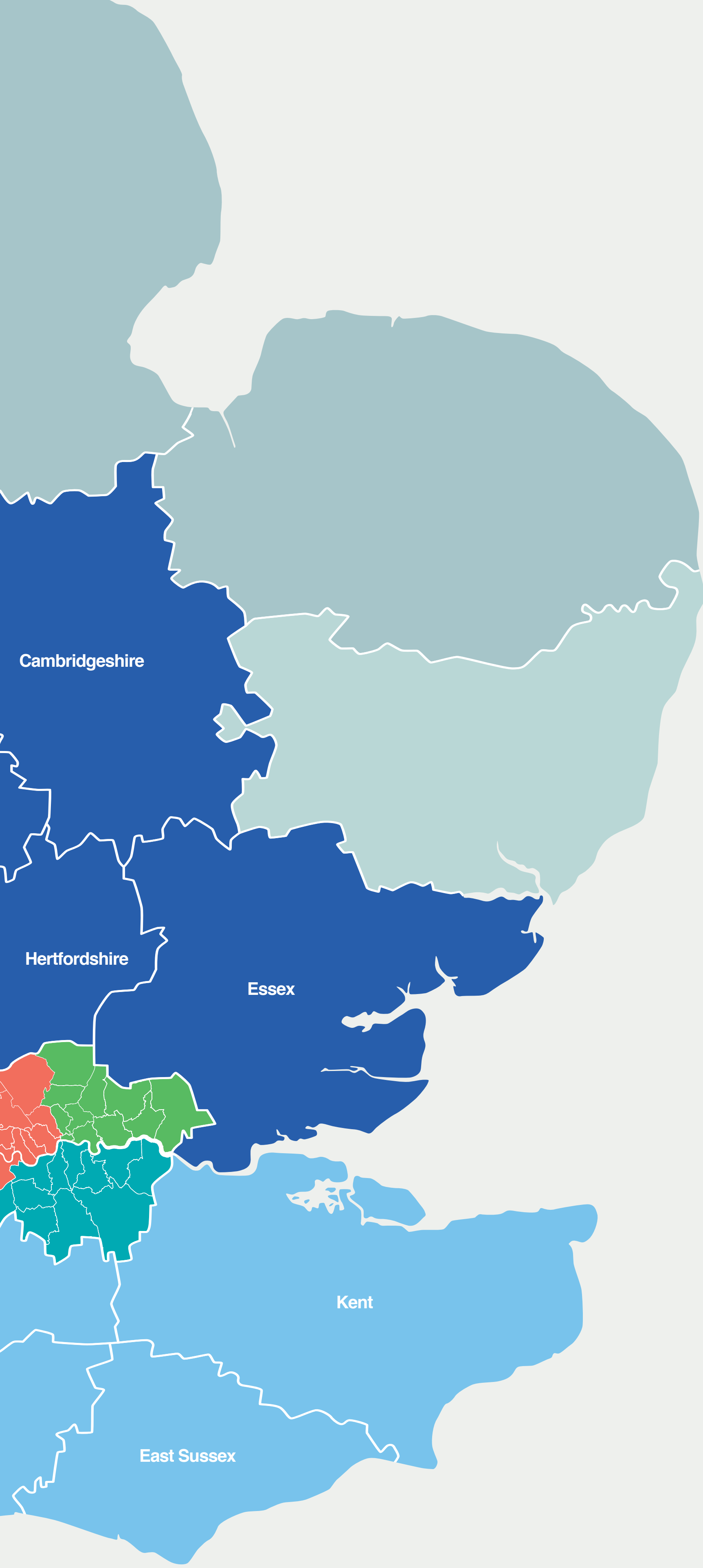
The new Peabody Group has around 4,000 colleagues based in communities across London and the Home Counties.

Our new homes

We provide high-quality new affordable homes that are sustainable for the future.
We invest in our homes for the long term, ensuring they are safe, good quality and well maintained.

We develop strong, long-lasting relationships with key partners such as the Greater London Authority (GLA) and Homes England to bring new opportunities for growth and funding. We continued to invest in affordable homes this year, with 78 percent of the new homes we developed for social rent and shared ownership.





North Counties
20,388

South Counties
13,376

North East London
23,710

North West London
26,507

South London
23,468

Total
107,449

Operational highlights

Satisfaction with landlord services
58%
(2022: 56%)

Satisfaction with landlord services (general needs and housing for older people)
63%
(2022: 63%)

Customers supported via care and support services
17,438
(2022: 16,809)

Value of investment in community activities across the Group
£10m
(2022: £6m)

Financial highlights

Social rent subsidy*
£621m
(2022: £478m)

Operating surplus before change in investment property valuation
£257m
(2022: £213m)

Development pipeline
£1.6bn
(2022: £1.1bn)

Gearing (debt: assets at cost)
40%
(2022: 38%)

Credit rating
A- Standard and Poor's (2022: A-)
A3 Moody's (2022: A3)

Total Group assets
£12.7bn
(2022: £8.8bn)

Investment in new homes
£567m
(2022: £355m)

Available debt funding
£6.1bn
(2022: £4.6bn)

Regulatory rating
G1, V2
(2022: G1, V2)

Total Group turnover
£1.1bn
(2022: £664m)

Investment in existing homes
£179m
(2022: £113m)

Unused property security
£4bn
(2022: £2.7bn)

* Annual subsidy of Peabody's rents to the market level.

Contents

Lord Bob Kerslake – 1955-2023

Since Peabody's results for the year ended 31 March 2023 were finalised, our Chairman, Lord Bob Kerslake, passed away after a short illness. Bob's letter on page 3 shows his deep commitment to Peabody residents and colleagues. He was a remarkable man, well known for his kindness to everyone he met, and he worked tirelessly to improve people's lives. He will be greatly missed.

Scan here
for the Peabody website

Focused on doing more to help people *flourish*

The last year has been tough for residents, colleagues and for Peabody. High inflation, spiralling cost pressures and rising interest rates affect everyone. The impact is keenly felt, and I would like to thank my Peabody colleagues for the work they are doing to support residents and communities.

In the context of a challenging external operating environment, we are making good progress towards meeting our aims. We are putting the building blocks of improvement in place, reforming the way we do things to be more locally focused and connected in our communities.

As Chair of Peabody, I know our services are not always as good as they should be. The Board is clear that the most important goal for the year ahead is to make progress in getting the basics right for residents.

Reflecting on the highlights set out in this report it is clear to me that, although things do go wrong and we are not as consistently good as we should be, we are living our values and turning our purpose into action.

Our purpose is helping people flourish. We aim to do this by providing great homes and services, making a positive difference in our communities and providing an inclusive and inspiring place to work.

In the year we have been able to increase investment in our existing homes to £179m, including £66m on building and fire safety work. This takes our cumulative building safety spend to over £225m, representing our commitment to tackling this significant challenge. Safety is our number one priority, and we remain committed to protecting residents from additional costs wherever possible.

We're continuing to build as many new social homes as we can. I am pleased we were able to make a positive difference in thousands of lives through new homes last year – completing some 2,399 new homes and starting 2,376 homes. Regeneration and investing for the long term in sustainable places continues to be an important part of what we do. We've made great progress this year alongside communities across London and in the Home Counties.

Our reporting and performance on environment, social and governance metrics has also gone from strength to strength, and we are committed to scaling up our positive impact in the year ahead.

Thank you again to all my Peabody colleagues and partners without whom we could not achieve anything for our residents. My sincere thanks also to our residents and customers who are at the centre of every decision we take at Peabody.

Lord Kerslake
Chair

We're continuing to build as many new social homes as we can.

Scan here **for more information**

Having joined together with Catalyst, we have a great opportunity to increase our *positive impact*

2023 was a pivotal year for us as we brought together two organisations to create a new locally focused Peabody.

Our original merger ambition stands true – we want to be closer to our residents and better connected in our communities. The tragic case of Sheila Seleoane, whose body lay undiscovered at home for two years, demonstrated why going back to our local roots is absolutely the right thing to do. We simply must have customers at the forefront of every decision, be visible in our neighbourhoods and listen to what residents tell us matters to them most.

In bringing Catalyst and Peabody together, we also wanted to go further and faster, investing more in our homes and communities. But the world has dramatically changed, and some of these changes in the market have made that increasingly difficult.

The war in Eastern Europe, the energy crisis, 40-year high inflation and rapidly rising interest rates have all had a serious impact. While we are not where we had hoped to be, we are certainly in a much better place than we would have been as separate organisations.

This has however led to us having to make some very difficult decisions so that we can focus on getting the basics right and continuing to improve the service we offer our residents.

The past year saw us deliver what we had promised in our inaugural business plan:

- Creating a functional regional model – we've created five regions with more colleagues focused on supporting our residents in person.
- Creating one team with a defined culture – the integration of teams is now almost complete. We're now starting to work with colleagues and residents to create and embed a 'customer first' culture to support a great customer experience.
- Integrating systems – we've integrated our core systems and processes. The final pieces of this work are on track to finish in autumn 23, as planned.
- Investing in our homes – we're prioritising significant investment in our existing homes.

Our teams have been working round the clock over the past year to deliver integration, and I'd like to thank everyone for their commitment during a challenging time of change. Mergers take their toll on our people and it is only through the dedication of our colleagues that we can deliver more for our residents and customers.

We were devastated when our Chair, Lord Bob Kerslake, passed away on 1 July 2023. It was a great honour to have worked with Bob over the past couple of years. He was a remarkable person dedicated to improving people's lives and his legacy will live on across Peabody, across London and indeed the whole country. I will now work closely with our Interim Chair, David Hardy, and our experienced Board to continue delivering against our clearly identified strategic priorities while we recruit for a new Chair.

Ian McDermott
Chief Executive Officer

Welcoming residents into new homes
at Friary Park estate in Acton

"We simply must have customers at the forefront of every decision."

"I'd like to thank everyone for their commitment during a challenging time of change."

Q&A spotlight on:

The Better Social Housing Review

Q

You were involved in The Better Social Housing review, why is this important?

A

Several high-profile cases have demonstrated that we need to improve as a sector. While no doubt we face policy and economic challenges, we absolutely need to do the best we can for our residents. This requires a big cultural shift and being held to account.

Q

What did the review find?

A

First and foremost that housing associations must deliver on their core purpose. The review put forward a number of recommendations including:

- A comprehensive audit of the quality of all social housing
- Partnering with residents, contractors and colleagues to define new standards for an excellent repairs service
- Working with residents to ensure they have a voice at every level of decision making.

Q

How will Peabody be taking these recommendations forward?

A

They're an integral part of our refreshed Group Strategy and are reflected in the priorities we've set out:

- All about people
- Getting the basics right
- Sustainable Peabody.

Scan here
for more information

Year of achievement

2022

April

Peabody and Catalyst join together

Catalyst became part of Peabody Group in the first step of our merger journey to be closer to our customers and better connected to our communities. We shared our inaugural business plan for the new organisation and set up a single executive leadership team.

Newly refurbished Westminster Bridge Road office opens

Our refurbished Westminster Bridge Road office in Southwark provides a modern workplace for collaboration. Next to our Blackfriars estate, the office is a place where colleagues can meet. Sustainable improvements include solar panels on the roof generating around 12,000KWh of electricity and saving 6,250kg of CO_2 a year. Our local offices across London and the Home Counties help us get closer to our communities.

June

Launch of MyPeabody

We launched MyPeabody, a new way for residents to access our services online. Over 14,500 residents have registered with MyPeabody in the past year and we manage around 100 daily repairs and payments through this new service.

New young people's advice service in Essex

We opened a new service for young people experiencing homelessness in Essex. Co-delivered with Nacro, this specialist housing and support service helps 16 to 25-year-olds feel more secure, increase their independence and improve their wellbeing.

July

Canal transformation project begins in Southall

We launched a £1m two-year project in Southall to link together parks and green spaces via the Grand Union Canal.

Supporting families in Essex

Our Essex Outreach Service distributed £100,000 to people in need, on behalf of Essex County Council, helping families to buy essentials, including food, fuel and furniture.

August

Record turnout at the Thamesmead Festival

Our community festival returned to Southmere Park bringing together residents and the local community to celebrate the thriving arts and culture of Thamesmead. The entire festival is organised and led by the Festival Production Group, made up of 14 residents who represent Thamesmead's diverse cultures and neighbourhoods.

Gold SHIFT award

We were accredited with the Gold award in the Sustainable Homes Index for Tomorrow (SHIFT) assessment. SHIFT is the sustainability standard for the housing sector and covers every aspect of our business, from our homes and offices to the way we work. The Gold award means that we are one of the leading organisations for green homes in the UK, and we are currently ranked second out of the latest 40 UK housing providers to be assessed.

September

Awards season

We were successful at the First Time Buyer Readers' Awards and the Evening Standard New Homes Awards where the Group received five awards.

The Great British Care Awards South East

Our supported housing service in Thurrock was recognised for its outstanding impact at the Great British Care Awards South East. Fiona Dianin, a team manager in our Care and Support team, won the Housing with Care award and was highly commended in the Frontline Leaders category.

Phase 1 of 273 new homes completes at Newman Place, Oxford

We completed phase 1 of Newman Place, our development in Littlemore Park near Oxford centre. Upon completion, Newman Place will bring 273 new affordable homes to the area consisting of 162 for shared ownership and 111 for social rent, with priority purchase options given to NHS key workers.

Southmere wins Silver at the WhatHouse? Awards

Our Southmere development in South Thamesmead took home the Silver award for Best Starter Home Scheme at the 2022 WhatHouse? Awards. Southmere has won several awards since the first phase was completed and has been recognised as one of the industry's best.

November

Dagenham Green first phase approved

The first phase of Dagenham Green was given the go ahead, with plans to build over 935 new homes on the site of the old Ford stamping plant. Delivered across multiple phases, the development will provide more than 3,500 homes, of which 1,640 will be affordable tenures.

New fashion campus opens at Fish Island Village

Justine Simons OBE, Deputy Mayor of London for Culture and the Creative Industries, joined us to officially open a new campus for fashion, innovation, and sustainability at our Fish Island Village development in Hackney Wick. The campus provides 50,000sq ft of studios, manufacturing, co-working and event spaces, spread across 10 buildings along the Hertford Union Canal.

New affordable homes in Lambeth

We celebrated the delivery of the first 40 shared ownership homes at Oval Village in Lambeth. We've partnered with Berkeley to bring new affordable homes to the sustainable new neighbourhood next to the iconic Oval cricket ground. The development will include more than 425 tenure-blind affordable homes.

October

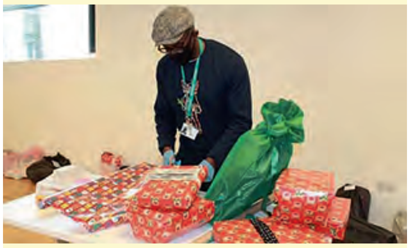
Second ESG report

We published our second ESG report, the first to include information for both Peabody and Catalyst.

December

Christmas toy and hamper appeal

In its 10th year, our toy and food hamper appeal supported 900 families across London, with our Outreach team delivering over 100 food hampers to customers in Essex.



2023

January

Planning approved for St Ann's

We were granted planning for the redevelopment of a site next to St Ann's Hospital in South Tottenham. We will provide up to 995 new homes, 60 percent of which will be affordable. It will be a green development with no fossil fuels on site.

February

Plans submitted for redevelopment of Blackbird Leys

Working with our development partner, Oxford City Council, we submitted our plans to build 294 new rent and shared ownership homes, retail space and community facilities in the heart of Blackbird Leys.

April

Officially merged with Catalyst

Peabody and Catalyst officially joined together to become one organisation called Peabody. Rosebery and Town and Country Housing also merged to become a single organisation that is part of Peabody covering the South Counties.

RITTERWALD reaccreditation

We were reaccredited with the Certified Sustainable Housing Label for a second time by pan-European residential consultancy RITTERWALD.

March

Making our heritage homes fit for the future

We collaborated with Grosvenor, Historic England, the National Trust and The Crown Estate to produce the Heritage and Carbon report. It highlights our joint approach to the challenge of preserving historic buildings in the UK, making them energy efficient and fit for the future.

Environmental, social and governance (ESG)

ESG at a glance

With the cost-of-living crisis as a backdrop, it has never been more important to make our homes more energy efficient and fit for the future. We're making progress on our Environmental, Social and Governance (ESG) journey to embed sustainability across the organisation.

We published our second ESG report in 2022, which detailed our performance against the 48 metrics set out by the Sustainable Reporting Standard for Social Housing.

As the new Group comes together, we're focusing on improving the quality of our data. This year, we conducted our first materiality analysis which looked at the potential impact of sustainability and ESG issues on the organisation.

Accredited by RITTERWALD for a second time

We were awarded the Certified Sustainable Housing Label for a second time in 2023 by the pan-European residential real estate consultancy RITTERWALD. The label is an accreditation recognised by companies and investors across Europe and helps ratify and benchmark our sustainability performance and ESG credentials.

This year, for the areas of social and governance, we were awarded the highest status of frontrunner, and for environmental we got ambassador.

We went through a rigorous process as part of the accreditation, including being assessed against ESG metrics aligned with the UK's Sustainability Reporting Standard for Social Housing. This year's process was also particularly meticulous with RITTERWALD assessing against increased environmental requirements for the Certified Sustainable Housing Label.

Improving our homes for the future

We're improving the energy efficiency of our homes. We've fitted 266 homes with solar panels and batteries, enabling our residents to generate their own electricity to use in the evenings.

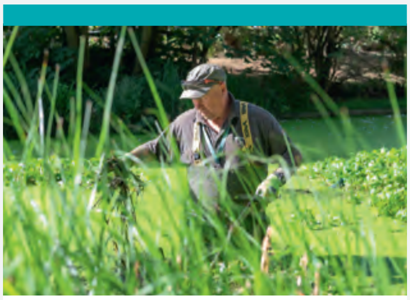
We'll invest a further £50m to improve thousands of homes after securing £25m from the second wave of the Social Housing Decarbonisation Fund. The grant will allow us to improve 6,539 homes with an Energy Performance Certificate (EPC) rating of D or below, bringing them up to an average standard of EPC C. Improvements will include better insulation in walls and lofts, triple glazing where needed and 'intelligent' heat controllers and ventilation systems that will help residents to save money on their energy bills.

Making historic buildings more energy efficient

We're working towards making all of our homes net zero carbon by 2050, in line with the government's net zero strategy. This year, we collaborated with the National Trust, Historic England, The Crown Estate and Grosvenor to call for the industry and government to work together to tackle the green skills gap, building a workforce capable of meeting the UK's climate goals and safeguarding UK's historic buildings.

The report, commissioned by the group, found that by improving the energy efficiency of historic properties, we could reduce carbon emissions from buildings in the UK by an estimated five percent each year and generate £35bn of output in the economy.

Environmental



With Peabody and Catalyst coming together, we're issuing a new sustainability strategy with a wider scope, setting out how the new Peabody Group will aim to become net zero carbon by 2050. The new strategy will set out how we'll support residents, customers, colleagues and the community through the change, while providing value for money for the business.

77.9%
Homes rated EPC C or above

£27.3m
Grant funding secured to improve existing homes

546
Customers supported to reduce their energy use through our Energy Advice Service

Improving homes in Islington

We're improving 66 social homes in Islington, after successfully bidding for £735k in the first wave of government funding from the Social Housing Decarbonisation Fund. The funding, plus a further £500k, from us is helping make fabric-first improvements to these homes, bringing them up to the average standard of EPC C. We have fitted roof and wall insulation and installed new windows and roofs where needed. This will help to reduce residents' energy bills, deliver warm homes and significantly lower carbon emissions, saving 72 tonnes of CO_2 per year.

Social

All residents, and particularly those on low incomes, continue to feel the impact of the cost-of-living crisis. We provide homes to those who need them most through social rented homes that are significantly below market rates. Our average weekly rent is £127, saving residents £621m in 2023, when compared to the private rental market. Seventy-eight percent of our newly built homes were for affordable rent and shared ownership.

In 2023, we invested £10m in community activities across the Group, working with local partners and organisations to deliver our work.

We supported 443 people into jobs and apprenticeships across a range of industries, as well as helping 689 people to achieve qualifications.

£1.1m
Grants awarded to grassroots community organisations

837
Community members and employees who volunteered for us

300
Businesses helped to access enterprise support and resources

443
People supported into jobs and apprenticeships

Governance

Our strong leadership ensures that we have robust governance arrangements which are fit for purpose and have strong controls. The Regulator for Social Housing's rating for Peabody is fully compliant, with Governance graded at G1 and Viability graded at V2.

Our Board members bring a broad range of skills, experience and knowledge to their roles, including expertise in finance, customer service and strategic leadership. The Board is accountable for ensuring an effective system of risk management and internal control is in place to help us deliver our Group Strategy.

We're committed to achieving greater diversity on the Board and we have adopted the G15 pledge to achieve an average 30 percent Board members being of ethnic minority heritage by December 2025.

G1 rated
on Governance from the Regulator of Social Housing

How we *work*

Our *inputs*

Financial resources
We are an efficient organisation delivering an operating surplus of £257m. We reinvest in full in our homes and communities, and to subsidise new social and affordable homes.

Physical resources
We have an asset base of £12bn and own or manage over 107,000 homes across London and the Home Counties.

Our people
We have around 4,000 skilled people who live our values and are empowered to put our residents first.

Our relationships
We work in partnership with residents and a wide range of stakeholders to deliver what residents tell us matters to them most.

Our *strategic approach*

Local Peabody
Our local focus enables us to get closer to residents, build stronger relationships with our partners and invest where it is most needed.

Scale
Our size means we can bring economies of scale to get the most out of our resources to deliver more for residents and in our communities. It means we are more resilient and well placed to respond to economic headwinds and changes in the external operating environment.

Social purpose
We are custodians of the 160-year-old Peabody legacy, and our people are united by our strong social purpose. Residents are at the front and centre of everything we do and every decision we make, and we support those who need it most.

What *we do*

Provide homes to over 220,000 residents

Deliver reliable services

Invest in our communities

Build new homes/tackle homelessness

Support people to flourish

Value we create for our *residents*

£621m
Social rent subsidy

1,874
New homes for social rent and shared ownership

256,000
Repairs delivered

17,438
Benefitted from our care and support services

443
Supported into work

£1.1m
Community grants

Responding to changes in the operating *environment*

The past year has posed significant economic challenges for the whole of the UK, affecting our residents' finances and our organisation. Like all not-for-profit providers, we face several competing demands for investment, including meeting the increasing costs of building safety, improving the condition and energy efficiency of homes and developing much needed new affordable homes. In a high-inflation, high-interest rate environment, with rising costs and capped increases on our rental income, we need to prioritise and adopt a prudent approach to financial planning and budgeting.

Our financial plan enables us to invest our rental income in our homes and services for residents for the long term. However, this has been put under strain by competing investment demands, rising costs and capped increases on our income, complicated further by uncertainty and public policy changes in recent years.

Skilled labour shortages, rising material costs post Brexit, and subsequent economic shocks following the war in Ukraine have added to these economic challenges for us and our whole supply chain.

Financial headwinds

The rising cost of energy resulting from the invasion of Ukraine has also placed a strain on residents and their ability to heat their homes. Those on the lowest incomes are most impacted by this as they spend a larger proportion of income on fuel bills and have the least spare capacity in their budgets to start with. We monitored this throughout 2022, and a survey in September of that year found that 80 percent of our social housing residents were restricting heat use. It also showed that 12 percent had borrowed from a short-term lender, 42 percent were spending less on food, and 41 percent were both restricting heat and spending less on food – thus neither heating nor eating adequately.

Our capacity to deliver has also been affected by a longer-term divergence between increases in costs and rental income. The lack of long-term rent certainty may also lead to increased borrowing costs through weakened credit rating agency metrics.

How we responded

We supported the rent cap for 2024 as a short-term measure to support people through the cost-of-living crisis. We voluntarily capped our non-regulated affordable rents and shared ownership rents this year at seven percent.

Our financial plan sees us invest our rental income in our homes and services for residents for the long term.

Responding to regulatory and policy demands

Our homes and services require significant ongoing investment, and we are being held accountable for delivering on this.

Safety of our homes

Investing in the safety of our homes is a top priority, and we have spent more than £225m on this up to 2023. Many of our ageing properties require substantial planned maintenance, and demand for responsive repairs was already increasing before the pandemic. We must also catch up with work that had to be curtailed by the pandemic and have put more resource into this.

Increased scrutiny

We're also rightly facing increased scrutiny from customers, the regulator, and the ombudsman to improve overall services for residents and this means prioritising investment in our existing homes. We support action to encourage and make it easier for residents to raise issues with us. We are listening, and ensuring we identify every opportunity to make things right, learn lessons and improve our services. We also support new consumer regulation and the strengthened powers of the Regulator of Social Housing.

Achieving net zero

We need to make sure our homes are fit for the future and can contribute to us achieving net zero by retrofitting our buildings, particularly those built early in our 160-year history. We secured investment from the Social Housing Decarbonisation Fund to help us do this. By matching our planned asset management and improvement work with improvement projects we intend to drive economies of scale and value for money. This will help us achieve our twin objectives of improving both the condition of homes and their energy efficiency for the benefit of residents.

Contributing to the supply

We also want to continue to contribute to the supply of new, genuinely affordable homes to help tackle the chronic shortage. The cost of doing this, alongside the costs of investing in ageing homes, has risen as inflation has impacted the whole economy. At the same time the proportion of funding for new affordable homes met by the government fell significantly from 2010 and has only recently increased. We think there is an important role for housing associations to work in partnership with government and the private sector to help support local authorities.

We think there is an important role for housing associations to work in partnership with government and the private sector to help support local authorities.

Residents open day at Osiers Road, Battersea

Our inaugural business plan

Our 2023 strategy for the newly merged organisation was called the Inaugural Business Plan. We identified three clear strategic priorities to help us achieve our purpose. These were and remain underpinned by enablers which guide our approach and are delivered in line with our values. For our first year we had four clear areas of focus to deliver a successful merger.

Focus in first year

We set out the key goals for our first year, with a focus on improving our services and experience for residents and customers:

1. **Creating one team with a defined culture.**
2. **Integrating our core business systems.**
3. **Implementing our local model.**
4. **Prioritising investment in existing homes.**

Strategic priorities

All about people

We're an organisation with people at the heart and equality, diversity and inclusion at the core of our culture. We ensure our customers feel heard through meaningful engagement, and our new Peabody Academy will enable colleagues and customers to develop and grow together.

Getting the basics right

We're focused on what residents tell us matters most to them. We prioritise providing an effective repairs service, investing more in existing homes and providing simple and easy access to services through a new local model and new digital offer.

Sustainable Peabody

We're passionate about creating a sustainable Peabody, working with customers to co-design solutions to tackle climate change. We are committed to developing new social homes, investing in communities and our care and support services, and becoming a sector leader in placemaking.

Our values

- **Do the right thing**
- **Pull together**
- **Be kind**
- **Celebrate diversity**
- **Love new ideas**
- **Keep our promises**

Our enablers

We've got four enablers to guide us in our approach:

We put our customers first
underpinned by our values and behaviours.

We're visible in our local communities
and bring the human touch to our customer experience.

We're easy to do business with
offering our customers a better experience and make it easy to interact with us.

We use data to inform our decisions
and to run an efficient and effective organisation.

Our foundations

1. Effective compliance
2. Value for money
3. Investment, treasury and tax
4. Technology

All about people: *Customers*

£1.1m
Provided in grants to local community groups

£68,000
Secured for our Advice in Community Settings programme in Thamesmead schools

3,526
People helped with advice and support to improve their skills

Summary
Our goal is to make sure customer voices are heard at all levels of our organisation. Our new Customer Engagement Model aims to make it easier for residents to get involved through a range of informal methods.

We're getting closer to our residents by gathering feedback through neighbourhood forums and local events. By using surveys and analytics, we gather meaningful insights about our residents' needs.

In January 2023, we held an informal engagement event based on feedback from our involved residents. Around 50 residents took part, and led conversations on the issues that matter most to them. We shared the feedback with relevant teams and created a comprehensive 'you said, we did' report for residents. The event was well received, even from those who had previously been cynical. Building on this success, we will deliver a series of local listening events starting from summer 2023. We're also creating a co-design Action Group of 12 residents and colleagues to help us improve our services based on what residents want.

Investing in communities
Our targeted community investment programme supports residents to become healthier, wealthier and happier. In 2023 we awarded over £1.1m in grants to local community groups and secured £68,000 for our Advice in Community Settings programme in Thamesmead schools, which helps families on low incomes access support. We helped 3,526 people with advice and support to improve their skills and 689 people achieved qualifications. Our annual jobs fair connected over 1,600 people with 60 employers and a wide range of services and support. 17,438 people benefitted from our care and support services this year.

The Peabody Index continues to focus on key insights and research impacting our customers. This year, we produced two Peabody Index reports, focusing on fuel poverty, and ethnic minority employment and living standards.

Future focus
We're getting closer to our customers through our local approach, resident feedback and digital self-service options. By working together, measuring progress and empowering our teams, we aim to create a strong sense of belonging and improve residents' satisfaction.

We're improving diversity data to help us understand our customers better. We'll use this to create personalised services for each customer based on their preferences, goals and tenure types. We will continue to work with councils and communities to promote economic inclusion, tackle inequality and poverty and prioritise wellbeing.

“I am truly grateful to be a resident in a housing association that cares.”

We’re putting our residents and customers first, making sure we adapt to their needs. Sarah* went through a tough year, dealing with personal hardships and mental health issues, leading to financial difficulties. Adam from our Collections team showed understanding and provided support, helping Sarah to manage her arrears, and set up a new payment plan. Sarah expressed heartfelt gratitude for our commitment to diversity, inclusion and empathy, acknowledging our support during challenging times.

* Name changed for privacy.

Co-creation and community empowerment in action

In partnership with The Felix Project and local resident volunteers at Friary Park in Acton, West London, this initiative tackles hunger and food waste. Led by residents, the project receives regular deliveries of fresh surplus food from The Felix Project, a charity fighting hunger in London. It shows how community engagement and teamwork can make a real difference in creating a positive impact.

All about people: *Colleagues*

Our aim is to create an inclusive organisation which reflects the communities we serve, and attracts and retains the best and most diverse talent. We want to be somewhere that everyone can bring their whole self to work.

Bringing our teams together

Our focus for this year was on bringing our teams together to align with our new locally focused organisation. As well as creating a new operating model and structure, we moved to a single set of IT, HR and finance systems, and launched single communication channels.

We're now putting these teams in place and developing a customer-first culture. At the heart of this is our new set of values (see page 15). Informed by the views of colleagues across the organisation, these form the foundations for success of the new Peabody. Our new People Strategy outlines will inform our approach to ensuring we are an inclusive employer where our colleagues are proud to work and put the customer at the heart of everything we do.

Equality, diversity and inclusion

It's essential that every colleague feels valued and respected and is given equal access to opportunity. We want our colleagues to reflect the communities we serve and to hear and see the lived experience of our residents.

Our diversity networks for Ability, Family, Gender, LGBTQ+, and Race Equality play a vital role in creating an inclusive workplace. This year around 250 colleagues took part in International Women's Day events, highlighting our commitment to gender equality. We're working to further develop and promote the networks so that they can grow and provide opportunity for all colleagues to be heard.

Eighty-five percent of our employees have voluntarily shared their ethnicity information. Through programmes such as G15 Accelerate and Black on Board, we support the development of our ethnic minority colleagues. While we acknowledge our gender and ethnicity pay and bonus gaps, we're actively working towards reducing them. Our analysis of pay quartiles and bonus distribution helps us ensure fairness.

We'll embed equality, diversity and inclusion (EDI) into our whole colleague journey and make inclusion relevant to everyone. Our Group EDI Strategy will bring momentum to our existing work and help identify new opportunities to push this vital agenda forward.

We're committed to addressing any disparities and continuously improving our diversity and inclusion initiatives. By actively engaging with our employee networks, analysing key data and learning from other organisations, we're determined to foster a workplace that values and celebrates the unique contributions of all our colleagues.

Future focus

In 2023, we saw stable colleague turnover, although there was a temporary increase following the merger of Peabody and Catalyst, and Rosebery and Town and Country Housing. Our target turnover rate remains at 15 percent. We have made progress in board diversity, going beyond our year one target of 20 percent with a current representation of 21 percent.

Our aim is to have 30 percent of board members who are from ethnic minority backgrounds by 2025. We will be recruiting new board members as four will finish terms before 2025. We're determined to improve diversity in leadership roles, so we're making an effort to attract more applicants from ethnic minority backgrounds and using the Rooney rule for recruiting Heads of Service and Senior Leadership positions.

Peabody Academy

We're enabling colleagues to build career paths and increase their skills through our new Academy. In December 2022, we became a registered training provider which allows us to deliver government-funded apprenticeship programmes. The programmes will be thoughtfully tailored to our learners' unique circumstances, so they can build cutting-edge skills and realise their full potential. In the future we hope to open this up to residents and customers.

How we perform on equality, diversity and inclusion

Peabody

Gender pay gap

15.3%

Mean gender pay gap

9.1%

Median gender pay gap

Gender bonus gap

15.8%

Mean gender bonus gap

5.0%

Median gender bonus gap

Ethnicity pay gap

11.6%

Mean gender pay gap

-5.4%

Median ethnicity pay gap

Ethnicity bonus gap

35.6%

Mean ethnicity bonus gap

26.3%

Median ethnicity bonus gap

Black on Board

Seventy-five percent of colleagues have gone on to secure board-level roles after completing Black on Board, a programme delivered by award-winning race equality organisation Olmec. The programme is designed to train and mentor Black and ethnic minority colleagues onto positions at board level. It was created in direct response to the lack of representation on boards in the UK. Over seven months, colleagues develop key skills for securing and excelling in a board position. These include public speaking, decision making and strategic and operational planning. Twenty-eight colleagues have taken part in the programme at Peabody, which is now is in its third year.

Having completed the Black on Board programme, Michelle Lam, Finance Business Partner at Peabody went on to secure the role of Trustee of Borough Market.

Michelle said: "I had an opportunity through Black on Board – in conjunction with Southwark Council – to become a trustee for a local organisation. So, after successfully completing the programme earlier this year, I have now been appointed as a Trustee of Borough Market!

"I'm proud that I get to be part of an organisation that I've always been so passionate about ever since I first moved to London, and this is a milestone for Borough Market, as I am the first woman of colour to join its board."

"All this wouldn't have been possible without the encouragement and support of the Black on Board community."

Getting the basics *right*

We're focused on getting the basics right, including providing an effective repairs service, investing more in our existing homes, and providing simple and easy access to our services through our new local approach and a choice of channels.

This year we have made significant progress in addressing immediate priorities such as complaints, service charges, and damp and mould. We quickly integrated our processes to focus on clearing backlogs and handling complaints more efficiently, which has led to fewer issues being escalated. We're also taking steps to deal with fire safety actions and disrepair cases.

Investing in our homes

This year, we invested £179m in improving our homes including £66m in building safety and spent a further £177m on routine and cyclical maintenance, a combined spend of £356m. 77.9 percent of our homes are rated EPC C or above. We completed over 256,000 repairs in 2023 and are working to improve satisfaction with our repairs, which is at 83 percent.

We want to make things simpler and more convenient for our residents and customers, which is why we've introduced a new local approach and integrated customer surveys. Over 100 repairs and payments are reported and handled online every day through My Peabody, which has over 14,500 residents registered and provides an alternative to our Contact Centre. Our resident-facing teams also provide support, giving customers a range of options for interacting with us.

Overall satisfaction for customers across the Group has remained low this year at 58 percent, but we have clear plans and funding to address this by integrating our repairs and contact centres and starting our journey to improve.

Complaints

The number of complaints made by residents increased this year. This is something we are working hard to address. We have improved the way we handle complaints by reviewing and strengthening procedures, setting up resident-led panels and carrying out comprehensive reviews. We have also adopted professional standards and values, formed a working group and partnered with a data consultancy to identify common issues and patterns in our complaints. Tackling problems related to damp and mould is a key priority for us, so we refreshed our proactive approach, brought in additional resource and set up new ways for people to report issues to us.

As well as service charges, we also made it a priority to resolve cases involving disrepair and set up a task force to make our complaints handling process more efficient. By investing in our complaints service to meet the needs of our residents, we have already started to see the benefits, and expect this positive trend to continue.

Future priorities

By combining a new locally focused operating model with better technology and data driven services, we're determined to boost resident satisfaction for the long term. Our new ways of working will allow us to foster a truly people-first culture, with every team focused on helping residents, their families and communities.

With our new local structure, we have teams that are even more focused on serving the needs of each community. We're determined to provide a better and more accessible repairs service. We'll also invest in projects to improve the energy efficiency of our homes over the next three years.

Prioritising resident wellbeing

We want to provide an effective repairs service that meets our residents' needs. However, unexpected challenges can arise, and it's how we handle them that truly matters.

During a visit to fix a broken lift, Matt, a lift engineer, saw the importance of connecting with residents. As well as getting the lift fixed, Matt listened to what else was concerning residents he met on the estate. He helped to get other issues resolved such as antisocial behaviour and problems with a roof leak by contacting the right people for the job.

By listening to residents and being proactive in identifying and addressing issues, we can create an environment where they feel supported and valued.

Keeping our homes and buildings safe

This year, we invested £66m in building safety and our cumulative spend is more than £225m. Our Building Safety Management System uses data to investigate cladding issues, in line with the new Building Safety Act passed in June 2022. We're making sure we're meeting the new requirements, including reporting on building safety cases. We're prioritising fire remediation using the government's Fire Risk Assessment Prioritisation Tool and our strong compliance programme ensures we manage and understand risks.

We're continuing to work through a three-year investigation programme and have set up an in-house Surveying team with support from Savills. We strive to minimise additional costs for our residents where we can. In January 2023, we saw positive changes in lending rules, with some banks no longer requiring EWS1 forms, further easing financial burdens for our residents.

Highlights 2023

- All of our buildings have up-to-date fire risk assessments (FRAs). Last year, our assessors completed **1,972 Fire Risk Assessments.**
- We passed all the required gas safety checks, which meant that boilers and other gas appliances in **more than 45,850 homes** were tested.
- We completed **12,935 electrical safety checks.**
- Our teams ensured all required safety checks were carried out to our **7,097 blocks.** They looked at fire doors and emergency lighting and made sure that common areas were kept clear.

With our new local structure, we have teams that are even more focused on serving the needs of each community.

Getting the basics *right*

An effective repairs service

We want to make sure we get the basics right and are making significant improvements to our repairs service. This means being more efficient and providing a better experience for our residents.

Our new repairs strategy focuses on improving our approach to contractors. Instead of relying on the same solutions for repeated problems, we'll consider factors such as capacity, performance and capability to ensure repairs are done correctly. As we continue to integrate, we recognise that repairs are a top priority for our customers. We also know there are areas to improve on. Customers have mentioned issues such as having to follow up on cases, poor communication, and time taken to complete repairs.

We've also refreshed our Repairs Strategy to address complaints and cases of disrepair. Legal disrepair cases are increasing, partly due to media coverage on damp and mould issues. We've set up a housing disrepair task force to manage these cases efficiently. Our goal is to reduce disrepair and damp and mould cases by 50 percent. We have a dedicated team resolving legal disrepair cases with customers, which can be complex. We're also expanding our network of specialist contractors, including through the Plentific Marketplace.

My Peabody

Digital modernisation – My Peabody and Peabody360

My Peabody makes it easy for residents to book and track repairs, update their personal details, view statements, make payments and much more. We now have more than 14,500 residents registered on the system and over 100 repair and payment requests are processed each day. We recognise the importance of hassle-free interactions and have continued to add more features, such as live chat on the registration page, payment reminders by text and the option to rebook responsive repairs.

My Peabody offers a quick and easy alternative to contacting our busy call centre. If residents need any extra help, our dedicated resident-facing teams are always there to help, offering a range of options for connecting with us. Soon, residents will also have the option to 'request a service,' whether it's seeking property information or reporting issues such as fly-tipping in communal areas or estates. They will also be able to track the status of their requests directly through My Peabody, helping them to stay informed every step of the way.

For colleagues, we've developed Peabody360, which allows our teams to view customer information on the go. We've been trialling it with teams at Peabody, and they've found it really useful to have information at their fingertips when they're out and about on estates, and to be able to raise repairs instantly. We're continuing to develop this based on valuable feedback from our colleagues.

14,500

Residents registered on the system

100+

Repair and payment requests are processed each day

Improving our play spaces

Beaufort Court

We manage around 230 play spaces and ball courts across our estates and communities. We're always looking for ways to improve these spaces to encourage healthy and creative play for our younger residents.

When our play spaces and ball courts have reached the end of their useful lives, we involve our residents and local communities in the process of creating new and greener spaces. Our aim is to design outdoor areas that are not only enjoyable to spend time in but also encourage physical activity and playfulness among residents. We also want to inspire children to connect with nature. So we incorporate elements such as trees, plants and nesting spots to promote biodiversity and support local wildlife.

Our goal is to create spaces that are both fun and environmentally friendly, enriching the lives of our residents and communities.

In our improvement project at Lillie Road in Hammersmith, we renovated the ball court with a new and improved surface, which we added as part of waterproofing the car park.

This led to a community celebration in May 2022, where residents gathered for a day of fun. The event, organised in partnership with contractor, Cemplas and Croydon Football Club, offered food, face painting, balloon modelling, a bouncy castle, and plenty of football matches. It was a great occasion that not only brought people together but also emphasised the positive impact of community-focused initiatives.

Beaufort Court football

"I'm loving the work they've done on the playground; it looks really nice and my daughter loves it. All the kids love it."

Old Oak Community Centre

Providing access to high-quality play spaces for children to play, learn and grow is a core part of the work we do in our communities.

At the Old Oak Community and Children's Centre in Acton in West London, we've redesigned and redeveloped the outdoor play areas for local children and families. The new design was done in consultation with the local community, in particular the families who use the space, to ensure that it best suits their needs.

The enriched play space now includes sensory play options and encourages literacy development through the carved words set into the equipment. We included bespoke play structures to support a range of age groups to enjoy the new facilities. The new play space also includes new trees, planting and habitat opportunities to increase the biodiversity of the site and teach children to engage with the outdoors.

As part of encouraging children to connect with nature, we involved the local children in planting wildlife friendly flowers and painting birdboxes and painted images of the local wildlife they might see around the play space and in nearby scrubland.

Play, spending time outdoors and being in the natural environment is an important part of physical and mental wellbeing, especially for children and families. The majority of our play spaces are located within our estates or next to our community centres where our local teams often run activities, particularly during school holidays.

Sustainable *Peabody*

Supporting our communities

Our social purpose sits at the heart of everything that we do. Our Peabody Community Foundation plays a critical role in supporting residents, growing and adapting to the needs of our communities. With the cost-of-living crisis, we know that those on the lowest incomes are struggling to make ends meet. We work with households to boost their income and last year supported 443 people into jobs and apprenticeships. We also helped 689 people achieve qualifications.

We invested £10m in community activities and continue to work with local organisations and partners to maximise our impact.

Delivering local services

We continued to develop local plans with our partners as part of our place-based approach in Islington, Lambeth, Southwark, Hackney, Waltham Forest and Thamesmead. We're working with local organisations and the local authorities to develop services which best serve the needs of those communities.

Social value through our supply chain

This year, we successfully completed our pilot to apply a 20 percent social value weighting when awarding contracts to our suppliers. This means that suppliers who wish to work with Peabody will have to demonstrate clear social and economic benefits to residents and communities, as well as delivering quality and value for money. We published our first social value report which detailed the two-year pilot and the positive impact our partners and suppliers made in local areas.

We published our first social value report, which detailed the two-year pilot and the positive impact our partners and suppliers made in local areas.

Inspiring future generations in Hackney

The 10-year Pembury Children's Community programme is in its eighth year. We're working in partnership with Pembury Estate residents, Hackney Council, schools, health services and local charities to improve the outcomes of around 1,000 local children and young people as well as their families.

During the school holidays, we supported various activities, including a fundraiser for Hackney Foodbank led by a resident, a sponsored 5km walk for the Uprising Community Centre and a 16+ Network youth launch event. We also recruited new Parent Champions who will work with other parents and guardians to raise awareness of family services and help with interpreting for members of the community.

Future focus

We launched our new Community Investment Strategy which has been developed in partnership with colleagues and residents. The new strategy supports our vision to help people flourish by creating happier, healthier and wealthier communities. The four priorities have been informed by research through our Peabody Index and direct engagement with residents and communities – tackling poverty and inequality, embedding wellbeing, sharing power with residents, and community activities and programmes.

Creating a community garden in Waltham Forest

We've been working with the local community and our partners Purdy and OrganicLea to develop the Chingford Hall Community Garden. Volunteers from Purdy helped fix some of the essentials and removed fly-tipped waste to provide a safe area for young people, local volunteers and partners to continue their work in improving the space.

The wooden planters originally built by our partner Equans are used by local volunteers to grow fruit, vegetables and herbs, including tomatoes, runner beans, rosemary, rhubarb, potatoes and garlic.

With the support of OrganicLea, a group of young people taking part in the Bug Hunt youth group dug out a wildlife pond during October half term, planted vegetables and built a shelter in the school Easter holiday to be used for potting seeds and to provide shelter when the weather turns. They've also helped to build a compost area and polytunnel.

Helping our customers find their voice

When 23-year-old Jason* moved into one of our supported housing schemes, he had an anxiety disorder known as selective mutism. He has had this condition his entire life and wrote notes to communicate instead of speaking aloud.

His Care Support Worker, Megan, provided one-to-one support to help him gain confidence and independence and reach his personal goals. She helped him get involved in group events, start an English qualification and empowered him to learn to drive.

She helped him redecorate his home with a theme of his choice, so that he could relax and enjoy living there. After just two years in our service, Jason has overcome his anxiety and started speaking.

Jason said: "Megan has been there every step of the way for me when I made the big decision to finally talk instead of writing notes. This is something I never thought I would ever be able to accomplish, let alone in such a short span of time, and is absolutely life changing for me."

* Name changed for privacy.

Caring for customers

Our care and support services play a central role in providing attentive and tailored care to those who need it most. We work within specialist homes to support people with their daily challenges, preparing them to become more independent in the future. We also work with over 40 local authorities and NHS Trusts, supporting 17,438 people in London and the Home Counties.

Sustainable *places*

Sustainable homes and places

With rising energy costs and the cost-of-living crisis, we're ensuring our homes are energy efficient and sustainable for the future. Our new Environmental Sustainability Strategy sets out a wider scope of change across environmental, social and governance and the Peabody Group's aims to become net zero by 2050. We're doing this by improving our existing homes, building new homes at average EPC B and supporting residents, customers, colleagues and communities through the change.

Building affordable homes

While we're prioritising improving our existing homes, we're building more new affordable homes where we can help to tackle the housing supply emergency.

We have a strong pipeline of new homes and a commitment to deliver these. We're working with councils and partners to build homes and manage places for the long term, helping local areas to prosper. This past year saw us make strong progress on major developments at Dagenham, Islington, Tottenham and Oxford, as well as a number of smaller sites across Bedfordshire, Buckinghamshire and Hertfordshire.

Funding sustainability initiatives

Government grants are supporting our own investment to improve and upgrade homes, making them more energy efficient. To date, we have secured £27.3m from the two waves of the Social Housing Decarbonisation Fund and grants from the GLA. This year, we successfully secured £25m from the second wave of the Social Housing Decarbonisation Fund which we are matching to invest £50m to improve our existing homes. The project will improve thousands of homes with an EPC rating of D or less, bringing them up to an average standard of EPC C and paving the way for further upgrades in future.

Maintaining our open spaces

Open spaces can help mitigate the impacts of climate change and improve the health and wellbeing of residents. Across Peabody, we have over 1,200 hectares of open space, including 101,000 trees, five hectares of grazing marsh, canals, lakes, woodlands and 14 sites of nature conservation interest.

We're working with our colleagues in the social housing sector as part of the Green Advisory Board. This helps organisations become more aware of biodiversity and how to improve their open spaces to make them more sustainable for the future.

Heritage and Carbon report

We commissioned a report with Grosvenor, Historic England, The Crown Estate and the National Trust to look at the skills gap in the retrofit of historic buildings. The report, 'Heritage and Carbon – Addressing the Skills Gap' was launched at an event at the House of Commons. It included speeches from ministers, Lord Callanan (Department for Energy Security and Net Zero) and Lord Parkinson (the Department for Culture Media and Sport).

The report highlighted the need for 205,000 workers to focus solely on retrofitting historic buildings every year from now until 2050 to meet the UK's net zero targets. Meeting this challenge would generate £35bn of output annually, 290,000 jobs and more efficient homes that are less expensive to heat, consequently reducing fuel poverty and future proofing our historic buildings.

Key achievements

2,399

New homes were completed of which 78 percent were for affordable rent and shared ownership.

2,376

Homes started on site and by end of March 2023, we had started over 9,500 new affordable homes in partnership with the Mayor of London, Homes England, and local councils and development partners in the last Affordable Homes Programme.

£27.3m

Secured in grant funding to improve existing homes.

£10m

Of savings for Peabody customers by procuring our energy contracts early.

546

Customers used our Energy Advice Service, saving money on their energy bills.

263

Customers supported by social enterprise Pocket Power to save on utilities such as water bills, mobile phone tariffs and car insurance.

15

Electric vehicle lamp post charging points installed across our estates and we are on track to meet our targets to install 50 across our estates in London over the next three years.

We have had a great year in which many of our new homes gained awards at key industry events. This included winning silver at the 2022 WhatHouse? Awards for our new homes in South Thamesmead and winning five awards at the Evening Standard New Homes Awards.

Chelsea Court, Kensington and Chelsea

Chelsea Court is an 1890s building which was refurbished from nurses' accommodation to supported housing in the 1980s, as it remains to this day. The 71 retirement homes are being renovated in three waves to reflect the three wings of the building; west, east and north. Improvements to the building include new kitchens, bathrooms, windows, replacement of the boiler system and radiators and a new Mechanical Ventilation Heat Recovery system.

We're also improving all the communal areas, including dining and lounge areas and adding new green spaces for residents to enjoy. Our work will improve the building from an average SAP rating of 63 to average SAP of 69, making a 35 percent saving in carbon emissions and marking a reduction of over 48 tonnes of CO_2 per year.

Friary Park, Ealing

We're working with Mount Anvil and the Friary Park community to create a new sustainable neighbourhood in Acton. The regeneration project is set to deliver 1,228 much needed new homes. Across the scheme 455 homes will be affordable, 315 of which will be for social rent and London affordable rent.

Green space is at the heart of the development, with all new homes having access to private outdoor space and residents will enjoy two acres of biodiverse green space on their doorsteps. We've also partnered with Royal Botanic Gardens Kew to design a series of courtyard gardens, woodland pockets and an eco-walk.

Nocketa Miller, Friary Park resident, said: "I was the first resident to move over to the new development. Although I was nervous, I was really excited at the same time to move into my new home. I decided to stay here at Friary Park because the community feels like a family to me and it's the place I call home."

Sustainable *places*

Newman Place, Oxford

Newman Place is a 100 percent affordable development helping local people stay and work in the area. Four miles from Oxford City Centre, it brings 111 new homes for social rent and 162 for shared ownership, with priority purchase options for NHS key workers.

It is being delivered over four phases in partnership with Oxford City Council and housebuilder The Hill Group, and with funding from Homes England and the Oxfordshire Housing and Growth Deal. The homes for social rent help meet the needs of those on the council's social housing register, including 14 wheelchair-accessible homes and a five-bedroom family home.

As part of the development, we're also respecting the site's heritage, biodiversity and natural landscape. The homes are ready for the future, including solar PV panels on the roofs and electric vehicle charging points across the development.

111

New homes for social rent

162

New homes for shared ownership

St John's Hill, Wandsworth

Our regeneration of St John's Hill is transforming the old 1930s estate into 658 new high-quality homes across three phases. This year, we opened the second phase comprising of 198 affordable homes and a new community centre. The new blocks surround a public square which has a wildflower garden, a children's play area and green space for residents.

We have worked closely with residents as part of the project. We set up a resident steering group made up of Peabody residents and local people who were involved in the selection of the scheme architect and contractor, naming of the blocks and choosing the outdoor equipment. As part of the regeneration, artists Rodney Harris and Valda Jackson worked alongside the residents to design a new sculpture, which has been embedded into the brickwork of the community centre, keeping in mind the local area, its history and the St John's Hill community.

Pat Champion, Chair of the St John's Hill Tenant and Residents Association and the Resident Steering Group, said:

"Peabody is part of my life. My father and grandfather both worked for Peabody and I have lived at St John's for many years, and it is part of me. All my children live in Peabody properties.

"After the pandemic, and all the regeneration, it will be wonderful to have a big new community centre to fill with activities. Everyone is very excited to get back to being together and doing their clubs again like bingo, yoga, sewing and line dancing, to mention a few."

534

We completed the first phase of regeneration in South Thamesmead, providing 534 new homes

329

Planning permission secured for 329 homes for the second phase

Thamesmead

Peabody is committed to improving, growing and looking after Thamesmead for the long term. We're taking a 'whole place approach' to the regeneration of the town – investing in Thamesmead's communities, buildings and landscape. We're working with local people and partners to create new opportunities and shape great places.

Throughout the past year we made good progress in delivering our five-year plan for Thamesmead (2018-23), focusing on our five key priorities. These are improving people's day-to-day experiences; regenerating and growing the town; making the most of the remarkable landscape; making culture a part of everyday life; and supporting residents to be happier, healthier and wealthier.

We completed the first phase of regeneration in South Thamesmead, providing 534 new homes (including 181 homes for families from older homes) and a new town square, including a public library and art gallery.

In addition, we secured planning permission for 329 homes for the neighbouring second phase of development, and outline planning consent for a further 1,950 homes near to Abbey Wood station (phases 3 to 7). We also completed construction of the new Watersports Centre at Southmere Lake (due to open later in 2023).

Our landscaping and placemaking team continued to deliver a wealth of work at pace. This included the recruitment of, and initial work with, residents on two new co-production programmes to activate underused green spaces. Together we are progressing the £3.9m South Thamesmead Garden Estate, turning around three hectares of bland green space into flourishing parkland.

Thamesmead's cultural programme attracted plenty of attention. The launch of a 23ft-high hot air balloon artwork adorned with local people's stories drew in crowds and was featured in local, regional and national media. Meanwhile, the community-led Thamesmead Festival attracted more than 7,500 people in 2022.

We also continued to support hundreds of individuals and families across the town, from connecting them with vital services, to providing warm and welcoming spaces during the cold winter months as part of our 'cosy corners' initiative.

Throughout the year our 145-strong environmental services team continue to keep the town in good order. The introduction this year of Fix My Street, an online service for residents to report issues in open spaces, is enabling us to provide a modern, more responsive service for local people.

Town and Country *Housing*

A year of growth

With two major events marking the beginning and end of the year, it was most definitely a year of growth for Town & Country Housing.

We started by welcoming more than 70 care and support colleagues from Peabody South East. Now known as the Home Improvement Service team, their inclusion enabled us to expand our service offering to both residents and non-residents.

Service delivery

As well as being able to offer new services, we made sure that our core services continued to perform strongly in what proved to be a challenging year for residents.

Our Money Support team helped 678 residents to collectively reduce their debt by £219,000. We also saw an increase in the number of antisocial behaviour (ASB) cases, up by 30 percent to 1,016 cases, but with just two evictions as a result of ASB.

Resident engagement

Our internal Resident Voice Champion programme grew throughout the year, with colleagues collaborating on service development initiatives based on resident feedback.

Our Resident Scrutiny Panel also continued to provide invaluable feedback, conducting reviews into our Community Safety and Tenancy Sustainment work. More than 20 recommendations were made as to how we can better support residents in these areas.

New beginnings

In November we launched TCH Repairs, our new responsive repairs joint venture with Fortem. New technology and systems are helping to keep residents informed about work in their homes, and support better diagnosis of repairs.

Stronger together

The year ended on a high when we successfully merged with Epsom-based Rosebery Housing Association, which was a subsidiary of Catalyst. Rosebery has more than 2,770 homes across Surrey and West Sussex, ranging from one-bedroom flats to four-bedroom family homes.

Rosebery strives for excellence in customer care and is proud to be a local business that creates sustainable communities, working closely with residents and creating local jobs.

It holds double gold accreditation from Investors in People, which speaks volumes for the organisation and how it manages and supports its people.

We are now working as one strong TCH team operating in one well defined region. Bringing together the best of both areas of the business, we continue to learn from each other to create a stronger, more robust organisation as the southern operating region of the Peabody Group.

678

Residents helped by our Money Support team

£219,000

Of debt reduced collectively for these 678 residents

Showfields development

We were granted planning permission to redevelop the Showfields estate in Tunbridge Wells in March 2023.

The proposal will see the replacement of 110 properties with 146 modern quality, affordable and safer homes. The development will also deliver secure spaces for parking, as well as a substantial upgrade of green spaces and safer layout of streets and footpaths across the estate.

We look forward to working with the Showfields community to successfully deliver this once-in-a-lifetime transformation.

Rosebery's Healthy Homes initiative

Healthy Homes is an exciting new programme Rosebery rolled out for our residents towards the end of 2022. The focus is on their homes, their fitness for purpose and the living conditions they provide.

We want to make sure all our residents are living in safe, secure, habitable and decent homes.

We aim to visit all tenanted properties, to listen to our residents and assess their living conditions. Our Healthy Homes Officers are continuing to arrange appointments with residents, to sit down with them and have a chat about their homes.

At year end, we had already carried out 160 visits and completed 60 repairs or improvements as a direct result of this initiative.

Our 2023 *performance*

Strategic objectives

- **All about people**
- **Getting the basics right**
- **Sustainable Peabody**

KPIs	Our performance	
Board diversity	2022	21%
	2023	21%
Community investment	2022	£6m
	2023	£10m
Overall satisfaction – social rented	2022	63%
	2023	63%
Complaints responded to within deadline	2023	54%*

* New metric for 2023

KPIs	Our performance	
Number of new affordable homes developed	2022	641
	2023	1,874
Energy efficiency (properties with an EPC rating A-C)	2022	74.5%
	2023	77.9%

2023 progress and 2024 outlook	Key risks	Links to strategic objectives
We remain committed to achieving the G15 diversity goal of 30 percent Black, Asian and ethnic minority board members by 2025. Four board members reach the end of their term before the end of 2025.	Failure to have a diverse board which represents the communities we serve.	
During this year of transition, we ensured that community investment activities were maintained. Delivery continued through our Local Area Plan in Hackney, Thamesmead, Waltham Forest, Islington, Southwark and Lambeth and our universal offer, which includes economic inclusion, community mobilisation, fundraising support, social value and grants.	Not being able to support our communities where we operate.	
Our target is to improve our overall satisfaction score from 58 percent to 64 percent in 2024. Analysis of results for 2023 showed that the main themes for dissatisfaction are related to repairs (delays and limited communication) and how easy it is for customers to contact us. Following the Catalyst and Peabody merger, several teams that deal directly with our customers such as Repairs, Contact Centre and Housing are still working through their integration journey. We expect that as these teams come together by the end of 2023, it will help to improve our services and customers' satisfaction with them.	Overall satisfaction is one of the newly introduced Tenant Satisfaction Measures which will need to be reported annually to the Regulator of Social Housing from 2024.	
Complaints volumes increased across the year. In Q4, we opened 234 percent more complaints compared with Q1. However, we closed 283 percent more than Q1. Our renewed focus on complaints is evident through the current complaints project where one of the key objectives was to reduce the backlog, while continuing to handle new complaints. We have also been reviewing processes and ways of working to reduce inefficiencies and ultimately ensure complaints are processed and resolved as efficiently and effectively as possible going forward. With the recent recruitment of 20 additional people to meet increasing demand, we have already started to see the benefits in April 2023, and expect this positive trend to continue.	Failure to meet customer service standards and expectations.	
Seventy-eight percent of our newly built homes were for affordable rent and shared ownership.	Non-compliance with laws and regulations, resulting in significant sanctions, losses, fines or reputational damage.	
In 2022 we were successful in securing grant funding to put solar panels and batteries into 266 homes and Social Housing Decarbonisation Fund (SHDF) Wave 1 to improve 66 homes in Islington. In 2023 we began delivering the solar installation programme and SHDF Wave 1 works to complement our asset investment programme. We are starting our £50m energy efficiency project (part funded by the SHDF to improve the energy efficiency of thousands of homes.	Risks include improving our data and prioritisation, capacity to deliver the energy efficiency measures, getting the right skills and rising costs of works.	

Working for and with our *partners*

Our community partners

Our work in local areas helps us support our customers and the wider communities we operate in. Our partnership approach means we work with a wide range of corporates, community organisations and individuals to reach the people who need us most.

Effective partnerships help reduce duplication, amplify good practice and better target resources towards programmes that make a difference in people's lives.

We work closely as part of the G15 group of housing associations, which our CEO became vice-chair of in June 2023. The group shares best practice and speaks with one voice to represent housing association residents across London in key debates. We also partner with think tanks, researchers and others to scale up and communicate our impact.

We use these relationships to foster diverse and sustainable communities and maximise the social value of our supply chains and wider networks. Clear communication and engagement with a spectrum of stakeholders play a key part in the Board's decision making.

Customers

At Peabody the voice of residents is key to shaping decisions and improving services. The Social Housing white paper places a stronger emphasis on resident influence in both decision making and service development. We've reviewed our customer engagement strategy to strengthen our commitment to putting the resident voice at the heart of decision making and service development.

The National Housing Federation charter has introduced a sector-wide charter, Together with Tenants, which promotes increased accountability to residents, more robust scrutiny and increased transparency. Peabody was an early adopter of this charter, and our engagement strategy strengthens our alignment with its principles and guidance.

We're aiming to amplify the resident voice and increase engagement across Peabody. Residents should expect great services, meaningful involvement in decision making and an effortless experience in getting things done, and our strategic direction is guided and shaped by the resident voice. Our colleagues, residents and customers work hand in hand to co-create services and truly understand the customer experience.

The Covid-19 pandemic challenged the traditional format of resident involvement and has helped us to develop digital solutions at a time when face-to-face meetings were not possible. Our new strategy will help to ensure there is a wide range of accessible opportunities to influence decisions and service, greater accountability and clear measures of success for our range of involvement opportunities.

We can't do what we do without working in partnership with local, regional and national stakeholders. This is true for our developments, community programmes, care and support schemes, as well as the essential services we provide to our residents.

National and local government

The housing sector can be part of the solution to many of society's challenges. Underpinned by a partnership approach to housing funding and policy, we believe the government can boost growth and social mobility, alleviate pressure on the NHS, and progress the transition to net zero while creating a new deal for communities across the country.

We work with government, local councils and partners to keep delivering and maximising the positive impact we can make.

We work with local authorities and partners to design and build high-quality homes, create places where people choose to live and work, and provide employment opportunities for local people. Our local model means getting closer to our local stakeholders in the places our residents live, so we can understand their needs and influence services in their area.

Representing the views and experience of our customers to the government is a key part of our outreach activity and we continue to respond to consultations and calls for evidence on a wide range of issues and policy areas.

This is underpinned by insight from our residents, and robust research on issues such as unemployment, skills and fuel poverty.

Regulating bodies

We support the introduction of new consumer regulation and the strengthened powers of the Regulator of Social Housing. We also work constructively with the Housing Ombudsman and are embedding the complaints handling code into our operations. Oversight from these bodies helps us to ensure we deliver transparently for our residents. We support action to encourage and make it easier for residents to raise issues with us. We are listening, and ensuring we identify every opportunity to make things right, learn lessons and improve our services.

As well as regular meetings with regulatory bodies, we provide returns, surveys and notifications that reflect our plans and performance. These cover areas such as our projected development activity and financial health. We maintained our G1 Governance rating and V2 Viability rating during the year.

Value for *money*

A continual challenge for housing providers is how to better measure and demonstrate their effectiveness. The current political and economic environment has made it increasingly important for housing associations to describe and demonstrate value for money and how we are having a positive impact.

We adopt a value for money approach because we want to maximise value in achieving our mission: to help people make the most of their lives. We want to achieve the best return possible from every pound we spend and that means we don't look just at the cost of delivering a service to our customers but also at the quality of the outcome for them.

In July 2022, following the joining together of Peabody and Catalyst, we adopted our new Value for Money Strategy to maximise value creation in the pursuit of our purpose: to help people make the most of their lives. Our strategy affirmed what we consider to be good value for money: weighing up the costs and benefits of different choices and options and selecting those that achieve the best balance across the following:

- Economy: careful use of resources to save expense, time or effort. This means we secure competitive prices for the quality of services provided.
- Efficiency: delivering the same level of service for less cost, time or effort. We continue to streamline processes or partner with other organisations to achieve a better outcome in terms of quantity or quality.
- Effectiveness: delivering a better service or getting a better return for the same amount of expense, time or effort. We aim to deliver services at the right time to meet the needs of our customers.
- Equity: spending fairly and promoting fairness so that we can demonstrate a meaningful impact to those who are not the direct beneficiaries.
- Environment: delivering a positive and sustainable environmental impact.

Value for money principles are integral to Peabody and are embedded in every part of our business to ensure that customer value is at the heart of our operations.

How we work to achieve value for money across the organisation

Investing in our customers' homes

We use an asset appraisal model to support the management of the homes we own, through an assessment of their long-term value. We undertake strategic disposals of homes which prove difficult to bring to a reasonable standard, including energy efficiency, at a reasonable cost. We seek to continuously improve the efficiency and effectiveness of our repairs service. We have switched to use smaller local contractors through an innovative technology platform to deliver some of our repairs as part of a mixed delivery model. This has improved both the quality of work and customer satisfaction.

Rental income

For social housing, we keep rent levels at the target set by the Regulator of Social Housing. For affordable rents, we are mindful of our charitable purpose in setting rents at the London Affordable Rent. This is lower than we are allowed to charge, but is genuinely affordable for our customers on low incomes.

New homes for London

We continue to deliver a strong pipeline of new homes and intend to continue delivering as many homes as we can, balanced with using resources to invest in our existing homes.

Thamesmead

Peabody's mission is to improve, grow and look after Thamesmead for the long term. We'll use our expertise as placemakers, patient investors and stewards to make a lasting contribution to the physical, social and environmental wellbeing of the area, for the community today and for future generations. Our 30-year vision for Thamesmead sets five goals to ensure we keep a firm focus on delivering real, visible improvements for residents. The plan is refreshed annually to ensure it remains fit for purpose.

Our achievements

Over the past year the economic environment has markedly changed. Our customers have faced unprecedented financial pressures with high energy bills and double-digit inflation contributing to the cost-of-living crisis. This places even more importance and focus on delivering value for money for our customers. Some examples of us achieving value for money during the year include:

- Outsourced taxation advice was brought back in-house, reducing the reliance on external advisors. This, combined with a review of historical transactions queried with HMRC resulted in a combined saving and recovery of £0.3m.
- Despite the challenging environment and high levels of inflation we have faced, £1.4m in procurement savings were achieved as cashable or through cost avoidance in key areas including utilities, electrical testing and grounds maintenance.
- We received £1.7m of sustainability funding from the GLA, which we 33 percent match funded, for the installation of insulation, solar panels and batteries to 266 homes.
- We started the first phase of implementing our new operating model; Local Peabody, which will bring us closer to our customers. Our Housing Management teams now operate in smaller patch sizes and have a greater visibility and presence on our estates targeting support where it is needed most.
- We completed a review and rationalisation of the technology requirements and software licences across the business, which will generate annual savings of £2.5m.

Performance against value for money measures

On 1 April 2022, Catalyst Housing Group became a subsidiary of Peabody Group and the new Group adopted a three-year Value for Money Strategy that aims to achieve the following by 2025:

- Improve overall energy performance rating of our homes to a SAP rating of 74.5 by 2024/25.
- Improve customer satisfaction ‘easy to transact with’ to above 70 percent.
- Generate £8m of investment returns from our non-core activities to help finance our social activities.
- Optimise recovery of costs incurred on behalf of leaseholders.
- Reduce residential rental and service charge voids to 1.27 percent.
- Maintain social housing management cost per unit at 2022 levels.

Our performance against these measures in an extremely challenging operating and economic environment has been mixed, our financial measures especially have been impacted by rising inflation and capacity constraints in the repairs labour market. Below is the performance against our targets:

Improve overall EPC rating of our homes

Across our rented homes, we continue to make good progress to meet our medium-term commitment to reach an average EPC C rating by 2030. Currently the average SAP rating across our stock is 73.39 which exceeds our in-year target of 73. In the long term, our goal is to reach an average EPC B (SAP 81) rating by 2050.

Improve customer satisfaction ‘easy to transact with’

We are focused on improving satisfaction levels and that remains a key driver behind Local Peabody. The Group ended the year with a customer satisfaction score of 72 percent in relation to how easy we are to transact with. This is ahead of our target of 70 percent. Furthermore, we managed to adopt the Tenant Satisfaction Measures in our surveys in January 2023, in advance of when they became mandated by the regulator from April 2023.

Generate £8m investment returns from non-core activities

Despite the ongoing economic pressures, our non-core actives performed strongly in the year generating returns of £8.3m against our target of £8m.

Optimise leasehold recovery

In the year we targeted to achieve an 80 percent recovery for leaseholder-related costs. This has proved a challenge as internal process improvements did not materialise which would have facilitated greater recovery of costs. Actual recovery was 73 percent. We continue to strive to improve our accuracy and transparency around leaseholder costs so that we ensure the right amount is being charged.

Reduce residential void loss

We set our ourselves an in-year target to reduce residential rent and service charge void loss to 1.48 percent, working towards 1.27 percent by 2025. Actual performance was 1.59 percent, although in line with performance in the previous year, falls short of our target. The volume of repairs and major works required in our void properties meant that our incumbent contractors struggled to keep up with the additional demand. During the year, the appointment of additional contractors and the repairs Marketplace platform were used to help meet the additional demand. We continue to identify opportunities to improve performance drivers such as the scheduling of major works and reviewing internal processes related to the delivery model of void works.

Maintain social housing management cost per unit at 2022 levels

Social housing management cost per unit is seven percent higher than target mainly due to inflationary pressures that we have not been able to absorb including the impact of the annual pay rise increasing both salaries and related staff on-costs. Other areas that saw notable increases compared with 2022 include office costs, such as printing and photocopying, as people moved from mainly working from home to a hybrid model with increased office working. We continue to identify initiatives and ways of working to reduce this going forward, while acknowledging it will be a particularly difficult measure to achieve due to the inflationary impact on our cost base.

Looking ahead

Since Catalyst joined the Group in April 2022 we have taken the opportunity to review and rebase our value for money focus reflecting the priorities of the new Peabody, and the external and economic environment. The new Group has adopted a new value for money strategy which targets the following areas by 2026:

- Improving overall EPC rating of homes to a SAP rating of 75.5.
- Improving overall customer satisfaction as per the Tenant Satisfaction Measures to 70 percent.
- 90 percent of applicable responsive repairs are first time fixes.
- Achieve commercial investment returns of five percent.
- To reduce residential rental and service charge voids to 1.3 percent.

How do we compare with others?

We participate in the Sector Scorecard initiative which uses an agreed set of metrics for housing associations to compare their performance and check they are providing value for money. We assess our performance relative to our peer group, the G15 group of London-based housing associations. The Sector Scorecard is supported by both the National Housing Federation and the Chartered Institute of Housing and more information can be found at www.sectorscorecard.com. Some of the metrics and definitions we use at Peabody and as quoted elsewhere in this document may be different to these.

Seven of the Sector Scorecard measures overlap with the value for money metrics used by the Regulator for Social Housing (RSH) in its value for money standard. The table below shows our performance relative to our peers using both the Sector Scorecard and the regulatory metrics.

What do these metrics show us?

Our performance against these metrics is reflective of the economic climate that we have been operating in, impacted by the war in Eastern Europe, the energy crisis, a 3.5 percent rise in the base rate of interest and stubborn levels of high inflation. The results of our peers in the G15 relate to 2022.

Investment in our homes is a strategic priority and our performance this year has enabled extensive investment on building safety and planned works. This, combined with increased costs of delivering repairs and maintenance, has contributed to reduced operating margins per unit and higher costs. We remain committed to continue to working more efficiently, particularly as a result of our merger with Catalyst, and reinvest in our homes and the local Peabody operating model.

	Peabody Group 2023	Peabody Group 2022	G15 average 2022[1]
Business health			
1. Operating margin – overall[2]	**17%**	20%	20%
2. Operating margin – social housing lettings[2]	**24%**	30%	27%
3. EBITDA MRI % – social housing[2,3]	**74%**	93%	99%
Development (capacity and supply)			
4a. New supply delivered – social housing	**1,874**	641	539
4b. New supply delivered – non-social housing	**525**	225	145
5a. New supply delivered % – social housing	**1.8%**	1.0%	1.1%
5b. New supply delivered % – non-social housing	**0.5%**	0.3%	0.2%
6. Gearing[4]	**41%**	41%	47%
Outcomes delivered			
7. Customer satisfaction – social housing	**58%**	63%	73%
8. Reinvestment %	**5.5%**	5.8%	6.0%
9. Investment in communities (£m)	**10**	6	3
Effective asset management			
10. Return on capital employed	**2.1%**	2.5%	2.5%
11. Occupancy	**97.4%**	98.8%	99.0%
12. Ratio of responsive repairs to planned maintenance	**35%**	35%	61%
Operating efficiencies			
13. Headline social housing cost per unit (£ per annum)	**6,808**	6,344	5,191
14. Rent collected as % of rent due (General needs)	**98.6%**	99.7%	99.8%
15. Overhead costs as % of turnover	**9.1%**	9.4%	11.4%
RSH sector-wide value for money metric			

Sector Scorecard methodology may differ from measures reported elsewhere in this report.
1 G15 data per L&Q benchmarking (latest available).
2 Excludes surplus/deficit on all asset disposals.
3 Earnings before interest, tax, depreciation, amortisation, major repairs (including capitalised) included.
4 Net debt as % of housing properties at cost (excludes investment properties).

We are proud to have delivered the highest number of social homes in 2023, outperforming every social landlord, against a backdrop of high inflation, supply chain issues and labour shortages. Our plans for delivering new homes, which comprised 78 percent affordable homes, are supported by a strong balance sheet with low gearing (the RSH definition of gearing produces a higher percentage than that used widely by credit rating agencies and funders).

Our interest cover (or EBITDA MRI % – Social Housing in the table above), has decreased significantly due to the cost pressures on repairs and maintenance and the significant investment in our homes. It is also important to note that the metric excludes surpluses from the sale of fixed assets which delivered £142m of cash (13 percent of total revenue) and helped the organisation to deliver on our planned investment programme.

Internally, we examine bespoke versions of some of these metrics. We also examine interest cover from a different perspective to the RSH metric. We focus on the definition set out in our loan covenants which provides far higher cover. We exceeded the covenant requirement for 2023 and our long-term financial plan shows prudent headroom against the covenant in all years.

We continue to be a significant provider of lower-margin care and support services and although our care and support services are a core part of our work, we also consciously separate the care and support element from the housing business.

Similarly, we make important discretionary investments in the communities we serve and continue to prioritise this area, acknowledging the impact the cost-of-living crisis is having on our residents and communities. These investments are mainly funded from our operating surpluses. Excluding both care and support and community investment brings our overall margin from 17 percent to 18 percent.

We are proud to have delivered the highest number of social homes in 2023, outperforming every social landlord, against a backdrop of high inflation, supply chain issues and labour shortages.

Strong balance sheet and *investment proposition*

Highlights

This set of financial results demonstrates Peabody's financial resilience, which was further strengthened by the completion of the merger with Catalyst. A robust performance has allowed the organisation to continue to invest extensively in existing homes, both on building safety and planned investment works.

Careful financial management in year included an appropriate pause on new development commitments in the autumn and decisive incremental steps to hedge our exposure to interest rate rises. This was an important response to the difficult economic backdrop which has seen the costs of providing our services increase and higher than anticipated interest rates.

£127

Average weekly rent

£30m

Annual subsidy against target rent

£137

Average weekly target rent

£621m

Social rent subsidy

Eamonn Hughes
Chief Financial Officer

Statement of comprehensive income (£m)	FY 2023	FY 2022
Turnover including sales	**1,111**	**664**
Operating surplus by source:		
Social housing activities (excluding shared ownership sales)	**172**	134
Development and sales (including shared ownership)	**21**	12
Other social and non-social housing	**(8)**	(13)
Sale of fixed assets (including staircasing)	**72**	80
Operating surplus before change in investment property valuations	**257**	**213**
Investment property movement in valuation	**(50)**	34
Operating surplus	**207**	**247**
Net finance costs	**(129)**	(78)
Movement in fair value of derivative financial instruments	**4**	–
Gift on acquisition[1]	**1,833**	–
Tax[2]	**7**	(19)
Surplus for the year	**1,922**	**150**
Pension scheme movements	**48**	36
Change in value of hedged instrument	**6**	–
Total comprehensive income	**1,976**	**186**

1 This non-cash gift flows from the revaluation of assets and liabilities on 1 April 2022 and arises from Catalyst joining the Peabody Group.
2 This is a deferred tax debit/(credit) relating to investment property valuation movements which have no impact on the Group's cash flows.

In February we secured RITTERWALD's accreditation as a Certified Sustainable Housing entity for the merged Group, achieving frontrunner status in two of the three categories.

Investment in existing homes has been prioritised: a further £66m on building and fire safety-related work, taking total spend over five years to £226m, and regular investment in existing homes in the year was £179m. Investment includes work to improve the energy performance of our homes, and we successfully secured £25m matched from the Social Housing Decarbonisation Fund to support future investment in upgrading over 6,500 homes.

The cost of delivering repairs and maintenance has increased significantly and we continue to see large volumes of demand for our services.

Cash generated from the sale of first tranche shared ownership and private sales exceeded £300m for the first time, outperforming budget, and levels of unsold homes remain in line with previous year. The Board has exercised the control that a predominantly land-led development programme gives Peabody, reducing capital investment in new homes to £567m (both Peabody and Catalyst combined invested £483m in 2022).

Turnover including sales

Group turnover exceeded expectations, achieving £1,111m against a budget of £1,062m, due to the outperformance of revenue from private sales and first tranche shared ownership. The strong performance on sales reflects the quality of Peabody's developments and close management of the programme.

Surplus

The Group's surpluses have been reinvested in full, alongside an additional £89m of debt funding. Margins are lower as we increase investment and absorb the impact of rising costs to deliver our services. This is partially offset by the first year of efficiencies from the joining together with Catalyst, all of which have been reinvested in prioritising a local service that delivers on repairs and investment for our residents.

Development and sales

In 2023 we completed 604 homes for social rent, and a further 409 for affordable rent; the subsidy for these homes comes from a combination of our strategic grant partnerships, long-term debt funding and surpluses from homes for sale.

Despite the economic headwinds we have faced, margins on first tranche shared ownership and market sales have been robust at 11 percent (2022: 14 percent), and the cash contribution from staircasing sales £81m (2022: £52m) is an important cash flow for the Group that is fully reinvested in both existing and new homes.

Business combination

The surplus for the year has been significantly impacted due to the non-cash gift, which flows from the revaluation of assets and liabilities on 1 April 2022, arising from Catalyst Housing Group joining the Peabody Group.

Strong ESG investment proposition

In February we secured RITTERWALD's accreditation as a Certified Sustainable Housing entity for the merged Group, achieving frontrunner status in two of the three categories.

In June we issued our 'use of proceeds report' detailing how the £350m from the Group's debut sustainable bond have been used in line with our strategic objectives of providing new affordable homes, improving the energy efficiency of homes, reducing carbon emissions and investing in communities.

Long-term creditors

Long-term creditors comprise debt £4,623m (2022: £3,095m), grants £1,957m (2022: £1,693m) and other creditors £39m (2022: £42m). The increase in year is to deliver net investment in the development programme.

Pension liabilities

We have several defined benefit pension schemes, a number of which are in Local Government Pension Schemes in addition to the Social Housing Pension Scheme, the London Pension Fund Authority and Ealing Family Housing Association Pension Scheme.

The past year saw favourable movements in pension scheme deficits due to rising gilt and bond yields coupled with a fall in long-term inflation expectations. The Group's net pension liability under FRS 102 at the end of March was £24m (2022: £72m), with a £48m actuarial gain for the year (2022: £36m) being recognised in other comprehensive income.

Highlights	**FY 2023**	FY 2022
Social housing lettings: turnover	**64%**	68%
Operating margin on social housing lettings	**24%**	30%
Overall operating margin before investment property valuation	**23%**	32%
Operating surplus before investment property valuation	**£257m**	£213m
RSH EBITDA MRI interest cover	**74%**	93%
Gearing	**40%**	38%
Debt: turnover	**4.1**	4.5

On 3 April 2023 we completed the transfer of engagements from Catalyst into Peabody and on 4 April the transfer of engagements from Rosebery into Town and Country.

Financing and capital structure

We retain very strong access to liquidity, with over £1,749m of cash and undrawn facilities to ensure that we can continue to deliver for the benefit of our residents in challenging times. Limited levels of amortisation mean that our liquidity will remain strong over the next 18 months and beyond. During the year we acted decisively to protect Peabody from further increases in interest rates with £286m in new hedging at an average tenor of six years and an interest rate of 3.7 percent.

Outlook

On 3 April 2023 we completed the transfer of engagements from Catalyst into Peabody and on 4 April the transfer of engagements from Rosebery Housing into Town and Country. These transfers saw us complete the Peabody and Catalyst merger in line with the planned timeframe.

We are well on the way to delivering our merger vision, prioritising delivery of our services, getting closer to residents and investing in existing homes. However, our capacity is constrained by the cost and interest rate increases that we have experienced, and which are forecast, and further investment decisions are contingent on the organisation meeting a set of robust performance targets which are closely monitored by the Board.

We will continue to support our residents to access the support available to them to meet their rising costs, and we will continue to use our own financial capacity alongside that of our partners to further the potential of grant funding available to us to improve existing homes and provide new affordable homes.

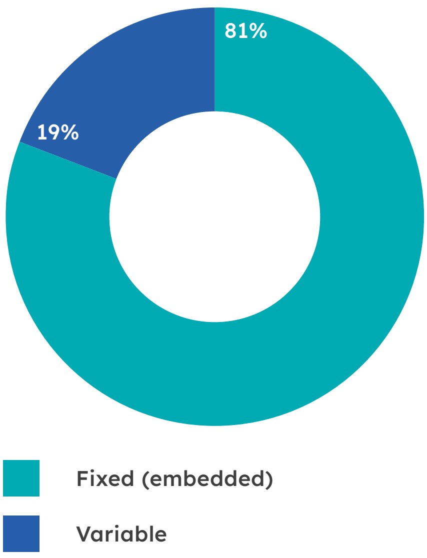
£1,749m
Available resources

29,750+
Unencumbered properties

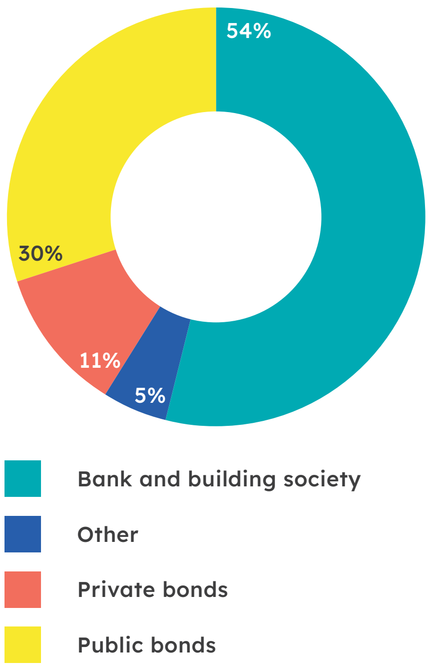
£6,097m
Total facility

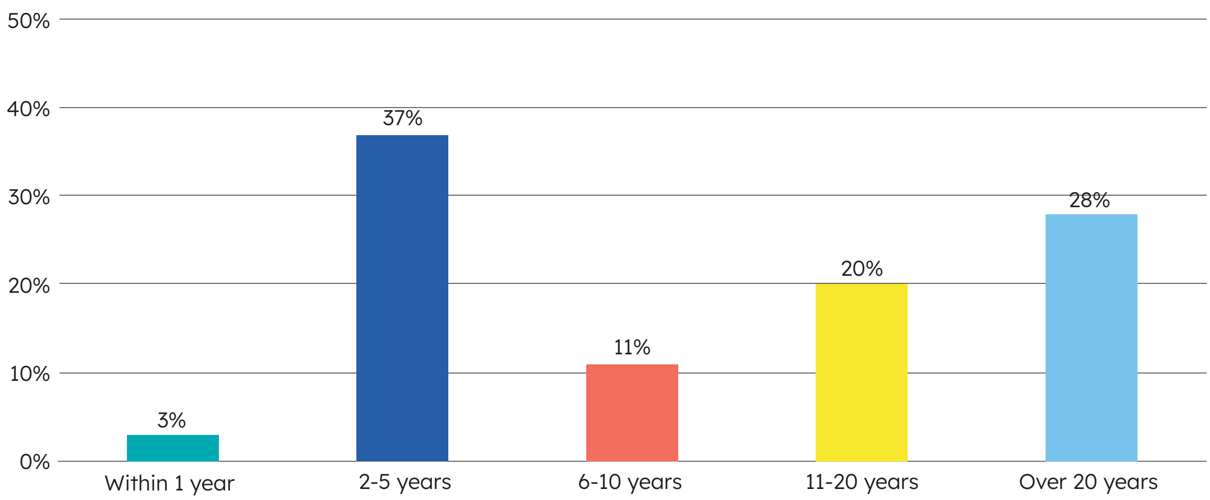
Statement of financial position (£m)	2023	2022
Non-current assets		
Fixed assets including housing properties	11,228	7,455
Investment properties	509	517
Investment in joint ventures	71	44
Other investments and debtors	141	117
Net current assets	**249**	**372**
Total assets less current liabilities	**12,198**	**8,505**
Long-term creditors	(6,598)	(4,830)
Provisions	(28)	(35)
Derivative financial instruments	(4)	-
Pension liabilities	(24)	(72)
Reserves	**5,544**	**3,568**

Fixed/floating mix



Facility mix





Embedding risk management in fast-moving, uncertain *environments*

Risk management through high inflation and difficult market conditions

Our risk, internal control and assurance framework

The Peabody Trust Board ('Board') is accountable for ensuring that threats and opportunities are managed appropriately, to facilitate a more predictable operating performance and long-term value protection and creation, supported by the Audit and Risk Committee and the Executive Committee. The members of the Executive Committee are responsible for effective risk management within their areas of responsibility and collectively as part of their operational leadership.

In pursuit of continuous improvement in our risk culture and awareness (i.e. risk maturity), in particular embedding risk management in fast-moving and uncertain environments, this year we continued to make progress on a number of initiatives to ensure our approach is fit for purpose and aligned to best practices in enterprise risk management.

Risk appetite review

In January 2023, a Board risk appetite workshop was held to explore the current risk appetites detailed in the Group Risk Register and make an informed decision on their positions in light of the increasing external risk facing the social housing sector as well as the increased size of Peabody.

Prior to the risk appetite review, a survey was completed by risk stakeholders at all levels to gauge consensus for the current stated risk appetite positions and enable the Board to understand any divergence of opinion on the current Group Risk appetite.

The three areas of focus for risk appetite were Group Risk 7: Customer Service, Group Risk 9: Major Change and Group Risk 10: Asset Condition, Building and Fire Safety.

Group Risk 7: Customer Service

The Board considered questions centred on strategy, improvements to customer service, oversight of customer dissatisfaction, and spending priorities between investment in existing homes and investing in future priorities (building more homes, sustainability). The Board concluded that Peabody currently had the right strategy, and there was broad agreement on the risk appetite survey for the current risk position of 'cautious'.

Group Risk 10: Asset Compliance, Building and Fire Safety

The Board explored the competing demands for resources, and the trade-off between repairs and planned maintenance versus fire safety remediation. The Board is modestly confident that Peabody is appropriately prioritising asset maintenance, while remaining mindful of investment in this area impacting on our development programmes and financial metrics. As regulation and guidance in this area continue to evolve, the Board will monitor this, but agreed that the risk appetite would remain 'averse'.

Group Risk 9, Major Change

The Board explored if the pace of change was right and if the right change projects have been prioritised. It was agreed that Peabody is in control of major change and clear on what needs to change, but that the pace of change needs to be continually monitored. It was agreed that the risk appetite should remain 'cautious' but adaptable to future changes.

The Board also flagged the importance of understanding how our customers experience Peabody rather than relying on assumptions. The Board agreed that effective assurance was being provided from the various committees involved in risk management.

Integration of the legacy Catalyst and Peabody organisations

With integration in motion, we are proactively managing a strategic risk around major change to ensure that change is effectively governed, prioritised and delivered so that business engagement is maintained and enhanced, merger outcomes and benefits are realised and the overall customer journey is improved.

In 2023, the key focus of major change activity has been to deliver integration. As we move into transformation activities, there will be a strong focus on long-term benefits, linked to strategy, at both the planning and delivery stage, and risk management will continue to be embedded into change activity.

Risk appetite positions

Averse
Avoidance of risk is a key Group objective

Cautious
Preference for safe options that have a low degree of risk and may only have limited potential for reward

Open
Willing to consider all potential options and choose the one most likely to result in successful delivery, while also providing an acceptable level of reward and value for money

Hungry
Eager to be innovative and to choose options offering potentially higher business rewards, despite greater inherent risk

Increased risk exposure for people, funding and liquidity, and development

During Q2 of the past year, the rating of Group Risk 8: People increased in likelihood due to ongoing uncertainty caused by the merger, some increase in colleague turnover and a competitive external job market.

Group Risk 3: Funding and Liquidity increased twice in its net assessment during the year, in Q2 and in Q3. This was due to a number of factors, including the government announcement of a rent cap (later set at seven percent), which significantly impacts on Peabody's income, and increased interest rates and inflation, with sharp increases in the second half of the year. In order to monitor the situation closely, future expected interest rate costs are compared to the assumptions made in the Long Term Financial Plan (LTFP).

In Q3 Group Risk 6: Development Strategy increased in likelihood based on the uncertainties in the operating environment and the need to prioritise funding for existing homes. The development programme has been reprofiled due to rising inflation and interest rates, and to ensure sufficient funding is set aside for existing communities and stock.

In Q4 the risk was reduced, following agreement of the 2024 Budget by the Board and work on the LTFP and related stress testing. This allowed a reprofiled development programme to be agreed by the Board with an improved risk control environment for development and the associated funding required.

Refreshed approach to the Group Risk deep dives in light of merger and regulatory expectations

The deep dives (paused in light of the merger) resumed in November 2022. The deep dive risk template was refreshed to reflect the merged organisation and the Group's strategic priorities. This included a real focus on what the likelihood and scale of adverse impacts could be on Peabody's residents and customers and review of and consideration of the speed with which key risk drivers could have an impact. The deep dive process enables a robust risk dialogue and allows the Audit and Risk Committee to understand the risk assessment and the journey of each Group Risk over time. This in turn, helps provide assurance to the Board that an effective system of risk management is in place.

We continued to make progress on a number of initiatives to ensure our approach is fit for purpose and aligned to best practices in enterprise risk management.

Looking ahead

Looking ahead, Peabody will enhance its focus on strengthening resident engagement. This is important in light of Peabody's goal to get closer to customers and deliver improvements from the local model and our assessment of risks and controls will reflect this.

Risk management has not been, and will never be, a static process. We will build on the work done this year to refresh the Group Risk interdependencies. This charts the crossover between Peabody's strategic risks and common challenges for Peabody and the sector such as damp and mould, service charges, complaints and disrepair. Charting the interdependencies helps Peabody to appreciate a more holistic overview of its cumulative risks and to horizon scan for potential issues. We also proactively monitor and report on sector reviews such as the Better Social Housing Review and the Institute of Risk Management's Global Risk Trends annual review, and consider our risks through the lens of other organisations' experiences.

1. Health and safety

Failure to maintain an effective Health and Safety Management System, which supports safe employment and delivery of safe services, resulting in injury, harm or death to the public, employees, contractors or customers.

Key controls
Our Health and Safety framework embeds a safety culture via Group-wide policies and procedures, including Building Safety, Construction Design and Management, Procurement, Sickness Absence and Wellbeing, and our safety culture is continually informed by employee surveys. Our Safety Management System provides a consistent approach to managing Health and Safety risk across the Group, including an Accident and Incident reporting system, and is actively monitored and audited, retaining an optimum 5 star rating from the British Safety Council's in-year external review and being awarded a Sword of Honour in December 2022. This risk continues to be monitored by using KPIs and reporting to the Health and Safety Committee, and key mitigating controls are tested by the Health and Safety Audit programme.

2. Laws, regulations and operating environment

Non-compliance with laws and regulations resulting in significant sanctions, losses, fines or reputational loss.

Key controls
In-house expertise provides training and guidance to the rest of the business to ensure compliance with laws and regulations, and also maintains an open and effective relationship with the principal regulator, the RSH.
Key compliance controls in place across the Group are tested bi-annually through the Control Self-Assessment process.
E-learning modules for key compliance areas such as the Data Protection Act are mandatory for all employees, and training compliance is monitored. An internal compliance programme monitors financial controls and the project to integrate the Asset and Liability Register has reached completion giving a more complete view of Peabody's position.
Weekly vital signs reports keep the Executive Committee informed on numbers of disrepair and complaint cases.

3. Funding and liquidity

Inability to operate within the funding envelope and maintain liquidity, as a result of internal and/or external factors, leading to non-achievement of operational and strategic targets.

Key controls
To mitigate the various external drivers and operational economic risks, cash flows remain closely monitored on a frequent basis with an 18-month forward look assessing any fluctuating impacts on liquidity, and stress testing is performed on cash flows where required, with reporting to the Finance and Treasury Committee (FTC) and the Development Committee.
Our Board-approved LTFP remains responsive to interest rate rises and the government imposed rent cap, and is also stress tested providing an assessment of realisable mitigating actions with timeframes. The Investment Strategy has been revised to align with current market conditions and amended Capital at Risk methodology. A rigorous budget setting process is in place and has been updated with forecasts through the year to review performance against budget and covenant compliance.

4. Information security and technology

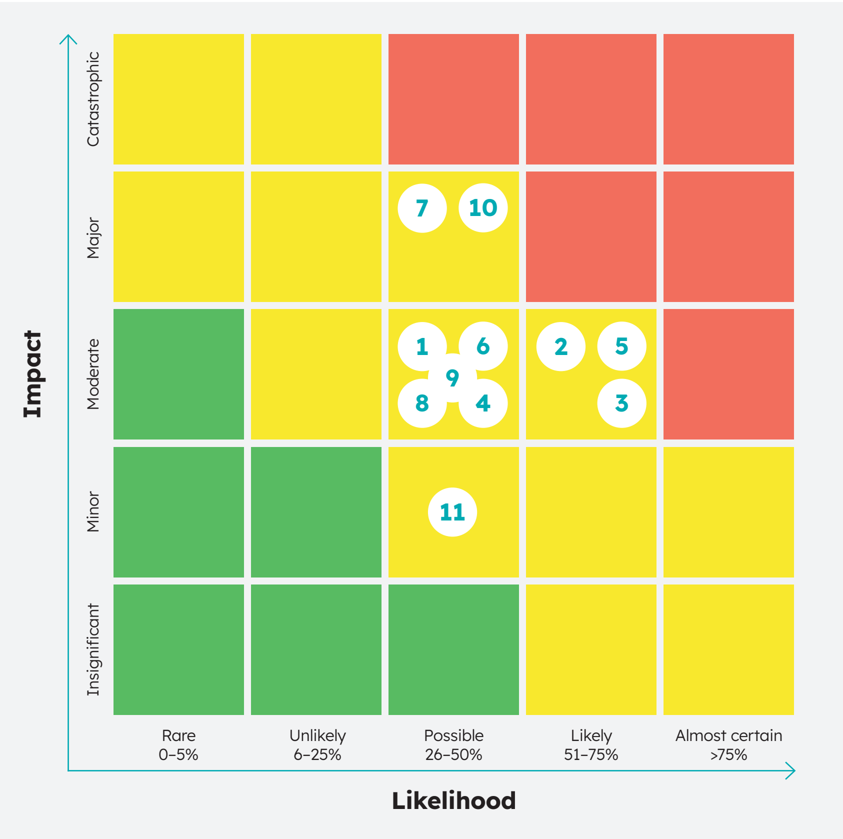
Failure to put in place the appropriate protections and failure to ensure that IT capability is aligned to business needs, either through modernisation or day-to-day IT operations, resulting in negative impact on business operations and customer service.

Key controls
Infrastructure integration is well underway, and completed in key areas, bringing all colleagues onto the same systems, mobile devices and smart office technology.
The existing Disaster Recovery Plan is being refreshed to support the new Peabody; an interim plan is in place in the meantime.
A proactive Information Security monitoring platform has been implemented.

5. Data quality

Failure to appropriately manage the quality of data or develop a culture which appreciates the value of data impacting on operational outputs, customer service and the ability to measure business outcomes.

Key controls
The Data Council provides oversight of this risk, and also monitors the Information Management Strategy and Programme, which drives the Group's approach to managing this risk.
A new Data Management Framework is now operational and is supported by clear roles and responsibilities.
During the year a data amnesty was held, allowing teams to come forward and ask for help in cases where data was being stored unreliably, e.g. across multiple spreadsheets.
As a result, projects were put in place to streamline and automate data processes.



A data quality tool is being introduced to measure data quality through the integration process and full deployment has been delayed pending agreement of the technical design. As a third line control, external expertise has been used throughout the year to inform best practice on the data aspects of integration.

6. Development strategy

Failure to maintain and deliver our development programme (in line with the Board-approved LTFP and Development strategy) due to operational, third-party performance or market issues resulting in loss of investor, stakeholder and customer confidence.

Key controls

Oversight of this risk is maintained through regular scrutiny of the Development Strategy and programme at executive level, by the TCH Development Committee and the Group Development Committee for the programme as a whole. This committee oversight is complemented by a multitude of first line controls, such as monthly development review meetings, tracking of departmental KPIs, and programme forecasting and monitoring.

With smaller third-party developers facing difficulties, a counterparty risk workshop was held to consider how Peabody would be impacted by a larger counterparty experiencing financial difficulties, where a number of actions were agreed to further strengthen Peabody's controls. In light of the challenging market, the risk appetite was reassessed from open to cautious following the risk appetite workshop in January.

7. Customer service

Failure to maintain customers' homes/buildings and failure to deliver operational services to customers resulting in loss of customer and stakeholder confidence, decrease in customer satisfaction, non-compliance with Housing Ombudsman Code of Conduct and breach of regulatory requirements.

Key controls

A new local model has been put in place, which helps Peabody to get closer to our customers as well as support our compliance with the consumer standards set out by the RSH and the expectations of the Housing Ombudsman. Complaints are being identified and proactively resolved before getting to the Ombudsman stage.

The Repairs Strategy has also been refreshed, aiming to improve customer satisfaction and reduce the number of complaint and disrepair cases. Monthly performance dashboards track performance and help to feed into improvement plans. Tenant Satisfaction Measures data is collected monthly from a random sample of tenants, the results of which drive internal improvements to Peabody's service, and are shared with the RSH.

8. People

We fail to ensure we attract, develop, and retain the right people to deliver the Group Strategy, resulting in poor outcomes for our customers and employees.

Key controls

The Nominations and Remuneration Committee helps provide challenge and scrutiny for this risk. Our first line controls include a number of policies, processes and procedures, such as the Code of Conduct and the Recruitment and Selection Policy. Internal expertise in Learning and Organisational Development, Resource Management and HR Business Partnering teams work with the rest of the business to ensure training, recruitment and employee management needs are met. A Managers Toolkit is in place, which provides holistic and comprehensive guides on effective management, and training is provided for teams in new structures, focused on ensuring that cultural learning and development is embedded across the organisation. The creation of the Peabody Academy will further augment our capacity for delivering learning and development, and training in essential skills.

9. Major change

Major change is not effectively governed, prioritised or delivered resulting in a lack of business engagement, merger outcomes and benefits not being realised and negative impact on the customer journey.

Key controls

The Change Board (an executive-level committee) helps with challenge and scrutiny of this risk, and is supported by a number of sponsor and project boards. Progress against merger outcomes is reported regularly to Change Board and Executive Committee, and a communication plan is in place to ensure everyone is kept on the change journey. A prioritisation matrix determines which change projects are most pertinent to ensuring Peabody's strategic priorities are met.

10. Building and fire safety

Inadequate risk assessment of any type of building-related risk, leading to death, serious injury, prosecution or regulatory sanction. Inadequate management of asset compliance activities.

Key controls

This risk receives scrutiny from the Building Safety Board (an executive-level committee with cross-directorate representation) as well as the Asset Management Committee and the Board, including the reporting of a suite of compliance metrics. The Building Safety Management System supports a data driven approach to investigating and remediating cladding and other building safety issues, and an implementation plan is in place for the requirements set out by the new Building Safety Act, including building safety case reporting.

The government's Fire Risk Assessment Prioritisation Tool has been used to prioritise the buildings still requiring fire remediation works combined with a robust programme for maintaining compliance, which ensures that this risk remains well managed and understood.

11. Sustainability, net zero and carbon retrofitting

Failure to reduce carbon emissions in the pursuit of mitigating climate change and creating a sustainable Peabody among competing demands of building safety, asset investment and the provision of new homes.

Key controls

A new Sustainability Strategy has been approved by the Board and is being delivered. Properties are built and refurbished on a fabric-first basis to ensure they are fit for the future, and contractors must demonstrate sustainable methods of working. An Energy Management System has been implemented to measure and reduce our energy usage, including exploring best possible options for our corporate energy contracts.

Flood risk is mitigated by the implementation of sustainable drainage systems for our new homes and refurbishing the flood mitigations for our existing homes. Our ESG credentials are reported against the Sustainability Reporting Standard for Social Housing in year, and Peabody is externally accredited by RITTERWALD against the Certified Sustainable Housing Label.

Effective leadership with strong *governance*

Committee membership key

● Chair	○ Member	AM Asset Management Committee	AR Audit and Risk
C Communities	CE Customer Experience (pre 1 April 2022 Customer Services)	CS Care and Support	D Development
FT Finance and Treasury	NR Nominations and Remuneration	T Thamesmead	

David Hardy
Interim Chair

David joined the Peabody Board in June 2016 and took on the role of Interim Chair on 8 August 2023, following the death of Lord Kerslake the previous month. His in-depth knowledge of treasury, funding and regulatory matters means he is well placed to scrutinise and challenge Peabody's financial plans and arrangements with lenders, and provide insight on governance and strategy. Having trained as an accountant, David joined John Laing Capital Management in 2005 as a director and has since retired. He has over 35 years' experience in corporate finance, mergers and acquisitions and fundraising across social, economic and environmental infrastructure.

Ravi Rajagopal
Vice Chair

Ravi joined the Catalyst Board in November 2020, serving as Chair, and joined Peabody Board as Vice-Chair when Catalyst joined the Peabody Group in April 2022. Ravi took on the Acting Chair role after the death of Lord Kerslake between 1 July 2023 and 7 August 2023. Ravi has a rich and varied background of international and UK commercial and philanthropic experience. He worked for multinational drinks company Diageo for 19 years and has a great passion for charitable work and social improvement. He chairs a project on behalf of the Indian government that builds and runs centres across northern India, providing nutrition and healthcare for children.

Ian McDermott
CEO

Ian joined Peabody as Chief Executive Officer on 1 October 2021 and joined the Board on 1 April 2022. He has steered the merger with Catalyst which formally completed in April 2022. Ian has over 30 years' experience in the sector having previously been CEO at Stonebridge Housing Action Trust, Shaftesbury Housing Association, Aldwyck Housing Association and Catalyst Housing Group. Ian is an alumni of the Harvard Business school, a chartered Surveyor and a Board member of the Chartered Institute of Housing.

Phillipa Aitken
Board Member

Phillipa has over 30 years' experience working in planning and development. She started her career in local government before working for several global property advisory firms. Phillipa joined the Family Mosaic Board in November 2015 and joined the Peabody governance structure when Family Mosaic joined the Peabody Group in June 2017.

Peter Baffoe
Resident Board Member

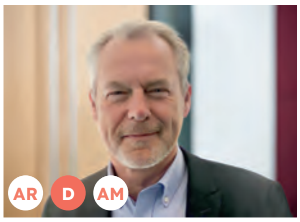
With a background firmly rooted in the community, Peter has been a resident member of the Peabody Board since May 2018. He currently works as a Faith and Community Development Officer for the Methodist South London Mission. In his role as a school governor, Peter acts as the link governor for disadvantaged pupils.

Ann Bentley CBE
Board member

Ann joined the Peabody Board in December 2022. She has 40 years' experience in the construction and property industry, with particular emphasis on the residential sector, project management, area regeneration, master planning and delivering value. She is a Chartered Member of the Institution for Civil Engineers, a Fellow of the Royal Institution of Chartered Surveyors, and holds an Honorary Doctorate from Birmingham City University. Ann has held several roles supporting cross-industry initiatives and has recently retired from Rider Levett Bucknall where she was the global chair and on the UK board.

Helen Edwards CB
Board member

Helen joined the Peabody Board in July 2016. She brings a wealth of experience from the community and voluntary sector, as well as central and local government. Working initially as a social worker and then for Save the Children, Helen went on to have an extensive career at the top levels of the Ministry of Justice and the Home Office. She also led the National Offender Management Service and Nacro, the national crime reduction charity.



Terry Hartwell
Board member

Terry joined the Catalyst Board in November 2016, and joined the Peabody Board when Catalyst joined the Peabody Group in April 2022. Terry has significant experience in the property industry, having worked in a range of roles in the commercial sector for over 35 years. Trained as a chartered surveyor with a degree in Valuation and Estate Management and a fellowship of the Royal Institution of Chartered Surveyors, Terry has advised many large corporates on property-related matters.

Matthew Martin
Resident Board member

Matthew joined the Peabody Board as a resident member in December 2022. He previously served on Catalyst's Customer Experience Committee before the merger with Peabody. With over 10 years' professional experience in learning, development and customer experience, Matthew brings a unique perspective to the Board. As a shared owner, he's also passionate about putting the voice of residents at the heart of Peabody's decision making.

Deirdre Moss
Board member

Deidre joined the Family Mosaic Board in September 2014 and joined the Peabody Board when Family Mosaic joined the Peabody Group in June 2017. She has led major change initiatives involving large diverse workforces and constantly championed diversity issues. She worked in the insurance industry for over 25 years. Deirdre has her own HR consultancy and serves as Chair of Town and Country Housing.

Cary Wakefield
Board member

Cary joined the Catalyst Board in September 2017 and joined the Peabody Board when Catalyst joined the Peabody Group in April 2022. She brings over 20 years' experience delivering high levels of customer engagement and satisfaction in FTSE, public sector and not-for-profit organisations in the UK and Europe. Cary specialises in business transformation, particularly in relation to developing digital services.

Graham Woolfman
Board member

Graham joined the Catalyst Board in September 2017 and joined the Peabody Board when Catalyst joined the Peabody Group in April 2022. Graham brings a wealth of financial and governance experience to the Board, with a particular focus on the social housing sector. He's helped grow companies across a range of sectors, including energy, technology, medical and financial services.

Eustace Xavier
Board member

Eustace joined the Peabody Board in September 2023. He is a qualified Chartered Accountant with 19 years of finance experience. Eustace has held audit, corporate finance and M&A roles. He also brings more than 10 years listed entity experience and has held Finance Director positions across several sectors such as retail, food services and facilities management.

Board meetings

Board member	Meetings attended
Lord Bob Kerslake (Former Chair, died 1 July 2023)	9/9
Ravi Rajagopal (Acting Chair from 1 July 2023 to 8 August 2023)	9/9
Ian McDermott (appointed 1 April 2022)	9/9
Cary Wakefield	6/9
Graham Woolfman	7/9
Phillipa Aitken	9/9
Peter Baffoe	9/9
Helen Edwards CB	8/9
David Hardy (Interim Chair from 8 August 2023)	8/9
Terry Hartwell	5/9
Paul Loft (retired 31 March 2023)	7/9
Matthew Martin (appointed 1 December 2022)	3/3
Ann Bentley CBE (appointed 1 December 2022)	3/3
Deirdre Moss	9/9
Zebrina Hanly (resigned 30 November 2022)	6/6
Ian Peters (resigned 19 September 2022)	2/3
Jennifer Daly (resigned 30 June 2022)	1/1

The Board has six scheduled meetings each year. During the financial year ended 31 March 2023, there were additional meetings called at shorter notice, to consider urgent issues. Where this was the case, it was not always possible to identify a time where every member could attend, due to other existing prior commitments which could not be re-scheduled. Contribution to Peabody is measured across multiple factors, of which attendance at Board meetings is only one.

For example, each Board member is also a member of one or more Group Committees, which met regularly during the year, with high levels of attendance. Board members also visit sites and schemes and are involved in working groups and events involving residents and other stakeholders.

Executive Committee

A passionate and accomplished *leadership team*

Ian McDermott
CEO

Read more on page 48.

Stephen Burns
Executive Director, Care, Supported Housing and Inclusion

Stephen joined Peabody in 1998 and became a Director in July 2006. He has an extensive background in community development, training and employment, and fundraising. He was a Director of a national training company from 1993 to 1997. Prior to that, Stephen was a computer professional involved in software applications and development, satellite and telecommunications.

Sarah Cameron
General Counsel and Company Secretary

Sarah, a qualified solicitor, joined Peabody in 2014 as Director, Legal and Governance. Sarah leads the legal, governance, risk and regulatory compliance functions for the Peabody Group. Prior to joining Peabody, Sarah was Group Company Secretary of Smiths Group plc, a FTSE 100 technology company, having previously worked in several compliance and legal roles in Smiths Group, and in private practice.

Peter Evans
Executive Director, Property Services and Assets

Peter joined Peabody from Catalyst, where he was Group Director of Property Services. He has been working in property and construction for nearly 40 years in a variety of capacities and sectors. Peter's experience in social housing comes from executive roles covering property, housing management and development. He has overseen delivery of top quartile services, the development of a large direct labour organisation and an in-house new build construction function.

Bob Heapy
CEO, Town & Country Housing

Bob Heapy joined TCH as Chief Executive in October 2010 and since TCH's merger with Peabody in 2019, has been an Executive Director of the Group. Bob became the Chief Executive of Rosebery on 1 July 2022 following Peabody and Catalyst joining together. He has successfully led major organisations in the public and private sectors and has more than 30 years' experience in construction and social housing sectors. He has extensive experience in regeneration projects and is a quantity surveyor. Bob undertakes a number of non-executive roles within the sector.

Elly Hoult
Chief Operating Officer

Elly joined Peabody in January 2023 to lead on the integration of Peabody and Catalyst and became Chief Operating Officer in April 2023. With over 22 years' experience in the housing sector, Elly has worked her way up from the role of a Supported Housing Officer to executive-level roles. She was most recently the Group Director, Assets and Sustainability at Notting Hill Genesis and has also worked at Orbit andA2Dominion.

Elly is a Board member of the Chartered Institute of Housing, sits on the National Housing Federation's Equality, Diversity and Inclusion Group and is a member of the Green Spaces Advisory Board.

Eamonn Hughes
Chief Financial Officer

Eamonn joined Peabody as Finance Director for Development and Regeneration in 2018 and took up his current role as Chief Financial Officer in February 2020. Before joining Peabody, he was a Finance Director at the Berkeley Group, and his prior experience includes seven years working for KPMG, where he trained as a Chartered Accountant and worked in roles across the firm's audit, transactions and restructuring practices. Eamonn is a fellow of the Institute of Chartered Accountants in England and Wales.

Philip Jenkins
Executive Director, Development

Before joining Peabody, Philip was Group Development Director at Catalyst. He joined from Taylor Wimpey where he was its central London Managing Director. Philip has held executive roles at CityWest Homes, the John Lewis Partnership, SPAR and Crabtree & Evelyn. He held a non-executive role at the Dolphin Square Foundation. He is a Fellow of the Royal Institution of Chartered Surveyors and alumnus of the University College of Estate Management, with a property development career spanning three decades, in private, public and not-for-profit businesses.

David Lavarack
Executive Director, Corporate Services

David leads the People, IT, Facilities, Communications and Health and Safety teams. He joined us in March 2007 from Barclays Bank, where he held several senior posts, including UK Small Business Banking Director and Chief Operating Officer for the marketing and communications functions. David has extensive experience in strategic change management and organisational development.

John Lewis
Executive Director, Thamesmead

John is leading one of London's largest regeneration programmes in Thamesmead and is Group Lead for Placemaking. Before joining Peabody in 2016 he held CEO positions at Letchworth Garden City Heritage Foundation and Milton Keynes Partnership. John is a Chartered Surveyor and has a Master of Arts in Urban Regeneration. He is the Chair of Greatwell Housing Association and a Director of the Creative Land Trust, a charity established to secure affordable workspace for creatives in London.

Do the *right thing*

The Board is responsible for the effective governance of the Group. Our Governance Framework was reviewed during the year to ensure that the new post-merger framework would support the delivery of the Group's purpose and strategic objectives and reflect the changing external and internal economic, risk and regulatory environments.

Overview of Corporate Governance

The Peabody Trust Board (the Board) is responsible for the effective governance of the Peabody Group (the Group) while day-to-day management is delegated to the Executive Committee.

As at 31 March 2023, the Board had 13 non-executive members and one executive member, the CEO. At the time of publication of this report, the Board has 12 members in total. The following non-executives stepped down from the Board during the last 18 months:

Jennie Daly on 30 June 2022, Ian Peters on 19 September 2022, Zebrina Hanly on 30 November 2022 (although continues as a members of the Asset Management Committee) and Paul Loft on 31 March 2023. Following the Peabody and Catalyst joining together on 1 April 2022, the CEO, Ian McDermott, was appointed as a member of the Board on 1 April 2022 as well as four new non-executive directors: Terry Hartwell, Ravi Rajagopal, Cary Wakefield and Graham Woolfman. Two additional non-executive directors were appointed on 1 December 2022: Matthew Martin and Ann Bentley The Board members bring a broad range of skills, experience and knowledge to their roles, including expertise in finance, business, customer service and lived experience. The Board has the collective skills to fulfil its responsibilities of overseeing the strategic direction of the Group.

Employees of the Group (usually members of the leadership team) may be appointed to subsidiary Board or Committee appointments in the Group subject to appropriate review and approval by the Nominations and Remuneration Committee or Peabody Board. All Board and Committee members have the same legal status and duties, irrespective of whether they are an employee or not. However, the Group recognises that there is a heightened risk of conflict or perceived conflict or undue influence where the individual is also an employee. Boards, committees and employees remain alert to this risk at all times. Employees cannot be appointed as a member of committees responsible for nominations, remuneration or audit.

During the year, the Board was kept updated on, and provided oversight and challenge in relation to, the Group's compliance with the Regulator of Social Housing (RSH) Regulatory Framework. The Board takes its responsibilities under regulation and relevant good practice guidance very seriously and has taken appropriate steps to ensure compliance with the requirements set out in the Regulatory Framework. Peabody and its subsidiaries are committed to transparent and timely communication with the RSH. In May 2022, following the joining together with Catalyst, the RSH issued an interim regulatory judgement confirming the enlarged Group's G1/V2 rating.

In June and July 2023 Peabody was subject to an In-Depth Assessment by RSH, the outcome of which is expected in September 2023. Following Catalyst joining the Group, credit ratings for Peabody are A3 (negative outlook) by Moody's and A- (negative outlook) by Standard & Poor's (Global Rating).

Compliance with the NHF Codes

Adoption of the NHF Code of Governance (2020 edition) by the Board with effect from 1 April 2021 has enabled Peabody to consider more ways to enhance the governance arrangements which ensure accountability and assurance remain at the core of the organisation.

The Group was substantially compliant with the NHF Code during the year to 31 March 2023. The Board agreed to adopt the NHF Code of Conduct (2022 edition) in July 2022. In fulfilling its obligations under both codes, the Group follows good practice drawn from supporting guidance. The next independent review of compliance with the Code of Governance will be undertaken later in the current financial year.

A detailed internal review undertaken in July 2023 provided evidence of compliance and highlighted opportunities to strengthen the effectiveness of governance, particularly in the light of Catalyst and Peabody joining together.

The following paragraphs explain relevant principles of decision making during the period 1 April 2022 to 27 July 2023.

Board tenure

The Board and the Nominations and Remuneration Committee (NRC) determined that while six-year terms would be applied for new Board and Committee members appointed after the adoption of the NHF Code on 1 April 2021, subject to annual evaluation, existing members could continue beyond six years up to a maximum of nine years, if it was considered in the best interests of the organisation to do so in line with the provision of the NHF Code to this effect. Having carefully considered the particular skills and experience provided by individual Board members and the future requirements and best interests of the Group, the Board approved several Board members continuing to serve beyond six years: Jennie Daly (stepped down in June 2022), Helen Edwards, David Hardy, Bob Kerslake (died 1 July 2023), Deirdre Moss, Ian Peters (stepped down in September 2022) and, following the joining together with Catalyst, Terry Hartwell. Paul Loft's term was extended by c.5 months to 31 March 2023, which means he served for over nine years. The Board considered Paul's skills and membership on five Boards/Committees within the Group (including one as Chair) and agreed extending his term following the Catalyst/Peabody merger was in the best interests of the Group by providing continuity and experience at a time of considerable change.

Board size and diversity

The Board's size during the year was above the NHF Code maximum guidance of 12 members: At 31 March 2023 it was 14 members and at the time of publication of this report, it was 12 members but with additional recruitment planned. Peabody will seek to achieve compliance with this requirement over time, but following the joining together with Catalyst, the Board values the experience and skills provided by members from both legacy Boards while also welcoming fresh thinking and perspectives.
The Board's first priority is to maintain good governance through ensuring the right skill set and aptitudes are in place on the Board and Committees, whilst also meeting its goals for Board diversity. Opportunities to reduce the Board size to comply through natural departures are being balanced against ensuring the Board commitment to having two resident Board members is always met and making sure adequate skills coverage is in place, with appropriate strength in depth for subsidiary board and Group Committee chair succession.

While the Board and NRC consider skills and relevant experience to be the primary factors for recruitment, succession planning and good governance, another very important dimension is board diversity, and ensuring our Boards and Committees are more representative of the people we serve. Peabody has committed to 30 percent of the Board being Black, Asian or minority ethnic (BAME) by December 2025. Currently, the Board of 12 is 25 percent BAME (the Board of 14 was 21 percent BAME at 31 March 2023). To achieve the 30 percent target the Board is willing to accept that full NHF Code compliance in terms of Board size may not be achievable until after 2025.

As explained in previous annual reports, given their skills and experience, Richard Stevens and Keith Clancy continue to serve on the Board of Charlton Triangle Homes, a registered provider subsidiary with a constitutionally agreed Board comprising Peabody Trust, local authority and resident nominees.

Compliance with the Governance and Financial Viability Standard

The Board confirms that an assessment of the Group's compliance with the Governance and Financial Viability Standard has been completed and certifies that the Group is compliant with this standard.

Leadership and control

The Board directs the affairs of Peabody in accordance with its objects and Rules and is responsible for the effective governance of the Group and has ensured the Governance Framework of the Group continues to evolve in order to reflect the changing external and internal economic, risk and regulatory environments.

The role of the Board and its Committees

The Board is responsible for:

- Determining the strategic direction of the Group and setting out its mission, vision and values.
- Approving higher-level strategies, long-term plans and objectives to achieve the vision.
- Financial control and risk management.
- Governance and the system of delegation.
- Monitoring the Group's performance.
- Accountability to stakeholders.

The nine committees at 31 March 2023:

1. Audit and Risk Committee
Responsible for overseeing internal and external audit, monitoring and challenging the Group Risk Register and the proposed mitigations, undertaking deep dives on specific risk areas, overseeing the effectiveness of the internal controls and reviewing the financial statements.

2. Nominations and Remuneration Committee
Responsible for overseeing the Group's arrangements for remuneration, recruitment, retention, succession and governance arrangements to ensure that they meet regulatory and good practice requirements.

3. Finance and Treasury Committee
Responsible for exercising oversight and scrutiny of the financial viability and performance of the Group and delegated authority in relation to certain finance and treasury activities, ensuring that the Group adopts sound treasury management, borrowing, investment and risk management policies and strategies and maintains financial viability, including liquidity, at all times.

4. Development Committee
Responsible for providing oversight of the Group's development programme and delivery of its development strategy.

5. Customer Experience Committee
Responsible for providing assurance to the Peabody Board on the performance, quality and value for money of all services provided to the Group's current and future customers and compliance with the Consumer Standards.

6. Communities Committee
Responsible for strategic oversight of community investment and community development activities.

7. Care and Support Committee
Responsible for overseeing and scrutinising the care and support activities within the Group, and approving the Care and Support Strategy.

8. Thamesmead Committee
Responsible for oversight and delivery of the Thamesmead Strategic and Delivery Plans.

9. Asset Management Committee
Responsible for providing oversight of the Group's asset management programme, delivery of its asset management strategy and compliance with decent homes and building safety requirements.

Policies and strategies

The Board considers and approves certain key policies and strategies relating to the financial framework and viability for the Group (including the 30-year LTFP, Treasury Management Policy and the Budget) and other key areas (such as the Customer Experience Strategy, Development Strategy, Investment Strategy, People Strategy and Value for Money Strategy).

Group structure

During the financial year, the Group included seven registered providers of social housing (RPs): the parent entity, Peabody Trust, plus TCH (the Group's wholly owned subsidiary operating in Kent and Sussex); Peabody South East (PSE) (which owned homes and provided services largely outside Greater London but transferred these to TCH or Peabody Trust in April 2022 and was de-registered as an RP in April 2023), Charlton Triangle Homes Limited (a small RP operating in the Royal Borough of Greenwich) Peabody Developments Limited (PDL), Catalyst Housing Limited (Catalyst) and its subsidiary Rosebery Housing Association, which owned homes in Surrey and west Sussex. During the year, the Peabody and Catalyst Boards approved the consolidation of Catalyst and Peabody via a statutory transfer of engagements of Catalyst to Peabody, which completed on 3 April 2023. A similar proposal for Rosebery Housing Association to transfer its engagements to TCH completed on 4 April 2023. At the time of publication of this report, there are four RPs in the Group: Peabody Trust, TCH, PDL which owns newly built social housing on an interim basis until all units on a scheme or phase are completed, and Charlton Triangle Homes.

Details of other subsidiaries are provided in the notes to the financial statements.

Governance Framework

Peabody has demonstrated its commitment to good governance and robust arrangements proportionate to the Group's size and complexity together with a continued focus on improving compliance culture.

The new Governance Framework, approved in March 2023 in preparation for the merger between Catalyst and Peabody, will continue to support the Board in its management of risk and in its responses to changes in the external environment. Risk is monitored, managed and mitigated in order to minimise, for example, the likelihood and impact of financial loss, compromised service delivery, damage to our reputation or non-compliance with law or regulation, as further set out in the Risk section of this report. The Board keeps the corporate structure under review and will consider further changes to streamline the enlarged Group, while managing risk, protecting social housing assets and delivering quality services to customers and others, and making sure the Group has both the capacity and capability to deliver its vision.

Stakeholders, transparency and diversity

The Group continues to build relationships with a range of stakeholders and policymakers. Our relationship-building approach has helped us to deliver our strategic goals and to achieve the social purpose of our mission statement.

Peabody is committed to being open and transparent in the way the business is conducted and in interactions with our customers. Peabody believes in being accountable for its actions, spending and performance, by demonstrating how it delivers value for money. The Group publishes information about its priorities, strategic goals and performance information (including detailed information on complaints) on its website for all Peabody's stakeholders.

Peabody provides specific information about the Group's work, on request, unless there are good reasons not to, for example for legal reasons or on the grounds of data protection, personal confidentiality, commercial confidentiality or practicality.

Corporate responsibility

Peabody embeds corporate responsibility and sustainability across the organisation. This includes working with suppliers to embed sustainable practices and our commitment to openness and transparency in the way we conduct our business and interact with our customers. Peabody is committed to achieving equality and diversity in all aspects of its operations, and our policies, strategies and practices reflect this.

Peabody has a Group EDI Strategy to make sustainable progress towards our goal of embedding equality and diversity throughout the full breadth of our work.

Peabody modern slavery and human trafficking statement

As a responsible employer and business, and as an organisation dedicated to improving the lives of our customers and the communities we serve, Peabody is committed to doing everything possible to prevent slavery and human trafficking in our business and supply chain. A statement outlining how Peabody and its subsidiaries deliver its commitment is available to read on the Peabody website at www.peabody.org.uk.

Asset Management Committee

Following a review of the Governance Framework on November 2022, the Board approved the introduction of a ninth committee: the Asset Management Committee.

Board evaluation, skills, induction, development and appraisals

The Chair is responsible for managing the performance of the Board and the Chief Executive. The performance of the Chair is the responsibility of the Board. The Board, supported by the Group's NRC, regularly reviews Board and Board Committee composition, and carries out an annual self-assessment of its performance, with an independent evaluation of Board effectiveness approximately every three years. The last annual review of Board and Committee effectiveness was undertaken in April 2022. There are no concerns arising from the self-assessment of performance in 2021/22.

The NRC approved the scope of the independent evaluation of Board effectiveness which will be undertaken later in 2023. The results of the recent Board and Committee member skills self-assessments inform Board and Committee succession planning for the Group.

These were collated and reviewed by the NRC in March 2023. The results highlighted particular strengths in the following areas: strategic leadership and scrutiny; people and organisational management; and governance, risk, regulation, compliance and assurance. Areas for continuing focus and review include: lived experience; housing management/service users' needs; sustainability; and IT, data management and cybersecurity. The information collated from skills assessments is considered regularly by the NRC in conjunction with the views of the Board, Committee Chairs, and internal and external factors, including the Group's strategic and operational priorities, the key risks to the Group and the sector, legal and regulatory requirements, and the wider challenges of the external environment.

What the Board did this year

- The Board met nine times during 2022/23 to ensure that key risks and challenges for the Group and the housing sector were considered and effectively mitigated in the run-up to Catalyst transferring its engagements to Peabody, legal and regulatory requirements (including the regulatory focus on consumer standards, and the new and upcoming requirements of new legislation), and the wider challenges of the external environment.
- Financial viability of the Peabody Group was assured.
- Review of key performance indicators and delivery of the Group's strategic goals.
- Continuous review, management and mitigation of the organisation's key risks with particular focus on fire and building safety and finance.
- Preparation for the wider implementation of Local Peabody model and getting closer to our customers.
- Overseen the plans for cultural and digital integration and of core systems and processes, including the launch of My Peabody.

Future Board focus

Ensure the customer voice is heard to inform decision making at both Board and Committee level.

Provide scrutiny of the rollout of the local model and the customer digital journey to ensure delivery of the strategic priority to get the basics right.

Ensure the wellbeing and safety of Peabody's customers and that this remains paramount as the Group progresses its building safety programmes and meets the requirements of the Building Safety Act and other legislation and regulation in relation to fire safety.

Focus on the impact on Peabody customers of inflation and the cost-of-living crisis, including customers of different tenures and in different situations, and how customers can be supported and relevant outcomes measured.

Monitor the impact on Peabody of inflation and other external stresses with regular review of the Budget and long-term financial planning with appropriate adjustments to ensure Peabody meets in financial commitments and agreed metrics.

Promote customer resilience and the prevention of homelessness through ensuring social impact of community development work is evaluated.

Consider approaches to make our business activities and homes (new and existing) more sustainable, tackle climate change and monitor progress towards our carbon neutral and sustainable Peabody goals.

Ensure our homes and buildings are safe and well maintained through understanding stock condition and asset management demands.

Deliver for the most vulnerable by balancing investment in existing homes with new homes delivery.

Measure progress on working towards diverse, inclusive, engaged and creative teams that reflect the communities we work with in line with ED&I goals.

Assess implementation of the People Strategy to ensure defined goals are achieved, and provide oversight of the rollout of the plans for the Peabody Academy.

Consider progress against the Group Strategy goals and priorities, and agree any changes required to reflect the challenging external environment and feedback from customers and colleagues.

Review, assess and implement changes to align activities with provisions of the Social Housing Regulation Bill and our own expectations to deliver for customers.

Review and assessment of the effectiveness of governance and risk management, risk appetite and emerging risks, including ensuring the Governance Framework remains fit for purpose through regular review.

Board

Collectively responsible for the long-term success of the Group.

Governance and compliance

- Reviews of Board performance and effectiveness
- Governance updates
- Legal and regulatory issues.

Strategies and policies

Principal policies and strategies, including:

- Group Strategy
- Asset Management Strategy
- Care and Supported Housing Strategy
- Customer Experience Strategy
- Development Strategy
- Group IT Strategy
- Investment Strategy
- People Strategy
- Sustainability Strategy
- Treasury Strategy and Management Policy
- Risk Management Policy
- Health and Safety Policy.

Customers and stakeholders

- Considers impacts of proposals on customers
- Considers customers' and other stakeholders' views.

Financials and risk management

- Financial performance
- Long Term Financial Plan, budgets, forecasts
- Financial risk and treasury reports
- Group Risk Register.

Operational performance

- KPIs
- Reviews of operational areas.

Peabody behaviours

- Tone from the top
- Our values
- Peabody Code of Conduct
- Employee engagement.

Chief Executive

Is responsible for managing the overall performance of the business and ensuring an effective and motivated leadership team is in place. Also leads on developing and implementing strategy.

The Board has delegated the operational management of Peabody and its subsidiaries to the Chief Executive, the Executive Committee and the Capital Management Group.

Executive Committee

Responsible for formulating the Group's strategy within the parameters set by the Board, and for delivering the strategic objectives of the business. It is also responsible for:

- The day-to-day running of the business, ensuring the Group's good governance and championing its values.
- Ensuring that the Group delivers good financial and operational performance to meet the needs of customers, regulators and other stakeholders.
- Assessing and controlling risk and identifying and assessing opportunities.
- Prioritising and allocating capital and resources.

Operates on behalf of the Peabody Board and the Boards of other subsidiaries in the Group.

Capital Management Group

- Approves and monitors major projects and activities that the Group undertakes. Some projects reviewed and approved by the Capital Management Group will subsequently be provided to the Development Committee, Thamesmead Committee or relevant Boards or Committees within the Group for further consideration and approval.
- Ensures approved projects deliver agreed objectives within agreed parameters, programme KPIs and that the risks associated with such projects are monitored and managed to ensure that they do not adversely impact on project delivery or any part of the Peabody Board's activities.
- Approves investment in new development and regeneration opportunities, property and land acquisitions and new business proposals within set levels of delegated authority.
- Ensures appropriate levels of investment are made in the Group's properties in line with the Asset Management Strategy.
- Ensures the appropriate financing of all investment activities.
- Scrutinises the cumulative value of the Group's investments and their impact on key business plan ratios, including interest cover, gearing and on-lending.

Committee membership (excluding Board members)

including changes during the financial year ended 31 March 2023 and up to the date of publication of this report

		ARC	FTC	CEC	NRC	DevCo	CSC	ComCo	AmCo	TMC
Zebrina Hanly	Peabody Committee Member								✓	
Joe Seet	Peabody Committee Member	✓	✓							
Brian Darling	Peabody Committee Member		✓							
Gaylene Kendall	Peabody Committee Member		✓							
Nigel Perryman	Peabody Committee Member		✓							
Gossica Anichebe (Ngozika)	Peabody Committee Member			✓						
John Kehoe	Peabody Committee Member			✓						
Phyllida Culpin	Peabody Committee Member			✓						
Lindsay Todd	Peabody Committee Member								✓	✓
Catherine O'Kelly	Peabody Committee Member							✓		
Karima Mbarak (Uba Amiri)	Peabody Committee Member							✓		
Katharina Winbeck	Peabody Committee Member							✓		
Shreya Hewett	Peabody Committee Member							✓		
Janet Sutherland	Peabody Committee Member						✓			
Lydia Benedek-Koteles	Peabody Committee Member						✓			
Michelle Edwards	Peabody Committee Member						✓			
Hari Sothinathan	Peabody Committee Member					✓				✓
Arita Morris	Peabody Committee Member					✓				
Thelma Stober	Peabody Committee Member							✓		✓
Christine Turner	TCH Vice Chair			✓				✓		
Marianne Ismail	TCH Board Member				✓					
Valerie Marshall	TCH Committee Chair	✓								
Susan Martin	TCH Board Member			✓						
Mak Akinyemi[1]		✓								
Sukraj Dhadwar[1]					✓					

1 Mak Akinyemi and Sukraj Dhadwar retired on 31 March 2023.

Remuneration of non-executive Board and Committee members

Peabody Board	Peabody Board
Ravi Rajagopal	£26,000
Cary Wakefield	£18,500
David Hardy	£18,500
Deirdre Moss	£18,500
Graham Woolfman	£18,500
Helen Edwards	£18,500
Peter Baffoe	£18,500
Phillipa Aitken	£18,500
Terry Hartwell	£18,500
Ann Bentley	£15,000
Matthew Martin	£15,000

Committee Members	Peabody Committee
Zebrina Hanly	£7,500
Joe Seet	£7,500
Brian Darling	£7,500
Gaylene Kendall	£7,500
Nigel Perryman	£7,500
Gossica Anichebe (Ngozika)	£7,500
Phyllida Culpin	£7,500
Lindsay Todd	£7,500
Karima Mbarak (Uba Amiri)	£7,500
Katharina Winbeck	£7,500
Shreya Hewett	£7,500
Janet Sutherland	£7,500
Lydia Benedek-Koteles	£7,500
Michelle Edwards	£7,500
Hari Sothinathan	£7,500
Arita Morris	£7,500
Thelma Stober	£7,500
Christine Turner	£9,000

Bob Kerslake, John Kehoe and Catherine O'Kelly waived their right to remuneration.

Approach to executive remuneration

Peabody sets senior executive pay based on independent professional advice and sector benchmarks, taking into account the need to attract and retain people qualified to lead an organisation of Peabody's size and complexity. This includes senior leaders in the fields of finance, development, housing, care and community investment, and corporate services. At the tier below, leaders and specialists are recruited in fields such as IT and human resources, as well as leaders in development, regeneration, housing, finance and other fields. The overall framework is agreed by the NRC, which also makes decisions about bonus payments to senior executives. The Board has responsibility for agreeing the pay of the Chief Executive.

Detailed information on the amounts paid to non executive Board members and the Chief Executive, Ian McDermott, during the financial year are set out in the financial statements. With regard to other employees, information is provided about the number of employees in each salary band above £60,000.

Auditor

KPMG LLP has indicated its willingness to continue in office as auditor of the Group. Therefore, after due consideration of the recommendation of the Audit and Risk Committee at a meeting held on 18 July 2023 and the requirements under section 93 of the Co-operative and Community Benefit Societies Act 2014, the Board reappointed KPMG LLP as auditor of Peabody Trust on 27 July 2023.

Internal control and risk management

The Board is ultimately responsible for the system of risk management and the internal control framework across the Group and for reviewing their effectiveness. The system of risk management and internal control is designed to monitor, manage and mitigate the risk of failing to achieve business objectives. It can only provide reasonable, not absolute, assurance against material misstatement or loss. The system of risk management and internal control also exists to give reasonable assurance about the reliability of financial and operational information and the safeguarding of Peabody's assets, services and interests.

The Audit and Risk Committee (the Committee) provides oversight on behalf of the Board regarding the system of risk management and the internal control framework, and regularly reviews their effectiveness.

The risk review process

During the year, the Board and the Committee focused on ensuring that a robust risk management framework was in place across the Group. There is a programme to keep all risks and the mitigating controls under regular review via cyclical reports to the committee and it reports at least twice yearly to the Board.

The Group has 11 key risks outlined in its Risk Register which was last reviewed by the Committee on 19 July 2023. These risks are as set out in the risk management section of the Strategic Report.

Internal audit

The Group's internal audit function is outsourced to PricewaterhouseCoopers (PwC), which has been the outsourced provider for Peabody since 1 April 2015. The internal audit function for Catalyst, TCH and Rosebery was outsourced to Mazars for the year ending 31 March 2023.

The annual programme of internal audit work approved by the Committee seeks to address the key risks identified across the Group on a three-year cycle, and includes a continuous auditing programme of core processes (e.g. payroll, treasury). Mazars completed the annual programme of work for Catalyst and Rosebery, and separately for TCH, and in each case provided assurance that the framework of governance, risk management, and controls is moderate in overall adequacy and effectiveness. PwC completed the annual programme of work and presented the Committee with its interim annual statement in respect of the system of internal control for the year ended 31 March 2023 at its 28 April 2023 meeting, and its final conclusion at its 18 July 2023 meeting. PwC's final statement was as follows: "Based on the scope and findings of our work carried out there has been an increase in the number of high and low risk findings but a reduction in the level of medium risk findings. This, alongside strong and consistent results from our CAM (Continuous Audit Monitoring) work and a consistently high implementation rate of recommendations, indicates a robust control environment."

The Committee also met virtually with PwC in a private session in April 2023.

Management's Response

We are pleased to see PwC's positive assessment of our control environment. However, we are not complacent about the need to remain thorough and diligent in our approach to constant review and improvement of our internal control environment.

Monitoring, control environment and control procedures

Managers are aware of the requirement to promptly report any suspected breach or weakness of controls via line management or in accordance with the Whistleblowing Policy, if necessary. Peabody also operates a formal process of regular self-assessment of controls, designed to ensure potential risks and weaknesses in the control environment are escalated. The Chief Executive provides an annual assurance report, based in part on this self-assessment process, to the Committee and the Board.

The Peabody Code of Conduct (updated with effect from 1 April 2023) sets out Peabody's expectation of employees with regard to business practices, honesty and integrity. It is supported by a framework of policies and procedures which are kept under review, many of which have been, or are being updated, to ensure a consistent and refreshed approach following Catalyst and Peabody joining together.

Key health and safety issues are reported to the executive-led Health and Safety Committee, and reports on health and safety (including the outcome of specialist audits) are provided regularly to the Committee and at least annually to the Board.

The work of the external auditor provides further independent assurance on the control environment. The external auditor advises the Committee in writing of any weaknesses in internal control identified through the course of its work, along with recommendations for improvement.

This information was considered by the ARC at its 18 July 2023 meeting. No significant weaknesses have been noted.

Information and financial reporting systems

The Group's Long Term Financial Plan, financial performance and KPIs linked to the Group Strategy are monitored regularly by management and the Board to ensure that the business remains financially sound and that financial and non-financial targets are met. The Committee received reports on the Group's information risks and data quality, and data protection compliance.

Fraud, anti-money laundering, anti-bribery and whistleblowing

Peabody has a fraud policy that covers the prevention, detection, investigation and reporting of fraud, including remedial action if a fraud has occurred, to learn lessons and prevent a recurrence, and provides training to employees. The Committee receives regular updates in relation to fraud or attempted fraud, and the Board receives information at least annually. Peabody also has a tenancy fraud strategy along with a dedicated tenancy fraud team, which provides reports to the Committee.

The Group has appointed employees to anti-money laundering roles and has an Anti-Money Laundering Policy, as required by current legislation, and has rolled out relevant training and revised procedures. The Money Laundering Reporting Officer's Annual Report to the Committee in May 2023 outlined the ongoing work comprising the Group's compliance programme. Systems and controls will continue to be closely monitored during 2023-24.

Peabody values its reputation and is committed to maintaining the highest possible ethical standards in all its business activities. Peabody has a Whistleblowing Policy that encourages employees and others to express any serious concerns regarding suspected misconduct or malpractice within the organisation.

The Peabody Code of Conduct and the Group's Anti-Bribery Policy make it clear that the Group has zero tolerance for any form of bribery, and anti-bribery training is provided to all employees.

Statement on internal controls assurance – Peabody Group

The Board acknowledges its ultimate responsibility for ensuring that the Group has in place a system of internal control that is appropriate to the various business environments in which it operates. This is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The processes in place for identifying, evaluating and managing the significant risks faced by the Group are ongoing and have been in place throughout the period commencing 1 April 2022 up to the date of approval of the financial statements.

Key elements of the system of risk management and internal control throughout the period included:

- Board-approved terms of reference and delegated authorities for the Group's Committees.
- A review of legal and regulatory compliance at least annually to the Board.
- Clearly defined management responsibilities for the identification, evaluation and control of significant risks.
- Robust strategic and business planning processes, with detailed financial budgets and forecasts, including more frequent monitoring and reporting during the early months of the pandemic.
- Formal recruitment, retention, training and development policies for all staff.
- Formal Board evaluation and appraisal procedures.
- An annual review of compliance with the NHF Code of Governance.
- Established authorisation and appraisal procedures for significant new initiatives and commitments.
- Committee-approved internal audit plan and internal audit reporting at Committee meetings.
- Approval by the appropriate Committee or Board of key policies.
- Regular reporting to the Committee and Board of risk information.
- Health and safety key issues reporting to the Health and Safety Committee and to the Committee.
- A detailed Group approach to treasury management.
- Regular updates and reporting by external auditors.
- Regular reporting to the appropriate committee on key business issues, objectives, targets and outcomes.
- Regular monitoring of loan covenants and requirements for loan facilities.
- Half-yearly self-assessment by management of effectiveness of controls tailored to evidence key control status.
- Chief Executive's assurance to the Committee and the Board.
- Policies and arrangements to reduce the risk of fraud, bribery and money laundering.
- Reporting to the Committee of instances of fraud, whistleblowing, bribery and money laundering.
- Regular updates of key legislation changes to senior managers.
- Periodic review and assessment of compliance with the RSH regulatory standards.
- Clearly defined responsibilities for compliance with the RSH regulatory standards.

The Board has delegated to the Committee the regular review of the effectiveness of the Group system of internal control, while maintaining ultimate responsibility for the system of internal control.

The Committee reviewed the effectiveness of the system of internal control in existence in the Group for the period commencing 1 April 2022 up to the date of approval of the financial statements, and the annual report of the internal auditor, and reported to the Board that it found no significant weaknesses in the system of internal control.

Going concern

The Board has considered whether it is appropriate to prepare the financial statements on a going concern basis. It has determined that it is, for the reasons set out in note 1.3 to the financial statements.

Statement of Board's responsibilities in respect of the Board's report and the financial statements

- The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.
- Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board has elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.
- The financial statements are required by law to give a true and fair view of the state of affairs of the Group and the Association and of the income and expenditure of the Group and the Association for that period.
- In preparing these financial statements, the Board is required to:
  - select suitable accounting policies and then apply them consistently;
  - make judgements and estimates that are reasonable and prudent;
  - state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
  - assess the Group's and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
  - use the going concern basis of accounting unless it either intends to liquidate the Group or the Association or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2022. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DHardy

David Hardy
Interim Chair

19 September 2023

Independent auditor's report to Peabody Trust

1. Our opinion is unmodified

We have audited the financial statements of Peabody Trust ("the Association") for the year ended 31 March 2023 which comprise the Group and the Association's Statement of Comprehensive Income, the Group and the Association's Statement of Financial Position, the Group and the Association's Statement of Changes in Equity, the Group Statement of Cash Flow, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the state of affairs of the Group and the Association as at 31 March 2023 and of the income and expenditure of the Group and the Association for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit and Risk Committee.

Overview		
Materiality:		£21.9m (2022: £13.5m)
financial statements as a whole		2.0% (2022: 2.0%) of Group total revenues
Coverage		98% (2022: 95%) of Group total revenues
Key audit matters	**vs 2022**	
Recurring risks	Recoverability of stock and work in progress	
	Valuation of defined benefit plan obligations for certain pension schemes	
Event driven	Valuation of gift on acquisition	

We were first appointed as auditor by the Board on 30 April 2015. The period of total uninterrupted engagement is for the nine financial years ended 31 March 2023. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard and, from the date of the status change from an unlisted to a listed entity, the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by the relevant standard applicable to the Association's status were provided.

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Valuation of gift on acquisition **Group** (£1,833 million) *Refer to page 75 (accounting policy) and pages 109-111 (financial disclosures)*	**Subjective valuation** The gift on acquisition present in the group accounts reflects the net value of the Catalyst Housing Group business acquired by the Group as at the acquisition date. UK accounting standards requires that, for public benefit entity combinations which are in effect a gift, that the acquired business is remeasured to fair value and the excess of assets over liabilities recognised as a gift in the Statement of Comprehensive Income. In order to value the gift, the Group must assess which elements within Catalyst Housing Group's balance sheet have a fair value differing to carrying value. Having done so, the Group must select appropriate assumptions to calculate fair values of assets and liabilities which require remeasurement. In this case, the principal assets and liabilities subject to a fair value adjustment were the housing fixed assets and the debt. The judgements involved could have a significant effect on the valuation of the gift. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of the gift on acquisition has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.	**Our procedures included:** • **Methodology choice:** Understood the process by which the Group has identified the assets and liabilities of Catalyst Housing Group, and selected its approach to calculate the fair value; • **Reperformance:** Obtained the Association's working schedules to calculate the gift, agreed key inputs to the Catalyst Housing Group balance sheet at the acquisition date, and recalculated the outputs; • **Independent reperformance:** To assess whether the Boards' overall estimate in respect of the fair value of the Catalyst Housing Group debt fell within a reasonable range, we calculated our own range of reasonable outcomes based on market data; • **Our real estate expertise:** We used our real estate valuation specialists to assess the appropriateness of the model used by management's external valuation expert and the validity of the assumptions used; • **Assessing transparency:** Assessing the adequacy of the Group's disclosures in relation to the gift. We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. **Our results** • The results of our testing were satisfactory and we considered the amount of gift on acquisition recognised to be acceptable.
Recoverability of stock and work in progress **Group** (£469 million; 2022: £464m) *Refer to page 93 (accounting policy and financial disclosures)*	**Subjective valuation** Property held in stock and current assets work in progress comprises properties which are speculatively developed for shared ownership or outright sale. UK accounting standards requires these properties to be recognised at the lower of cost or net realisable value. In order to assess the net realisable value of property held in stock and work in progress, site appraisals are prepared which include forecast revenue and costs and provide an indication of the recoverability of property held in stock and work in progress. Site appraisals include a number of judgements that could have a significant effect on the net realisable value of the property. The effect of these matters is that, as part of our risk assessment, we determined that the recoverability of stock and work in progress has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. Our assessment of the significance of this risk has increased since the prior period due to greater levels of economic uncertainty in the housing market, including in relation to potential reductions in house prices as a consequence of increased interest rates and inflationary pressures on household budgets.	**Our procedures included:** • **Tests of detail:** Obtained the Group's working schedules to calculate the net realisable value of its stock and WIP, agreed key inputs to supporting evidence (such as floor areas, tenure, location) and recalculated the outputs; • **Personnel interviews:** Identified schemes with unusually high or low forecast prices or costs per unit area in comparison to the wider portfolio for enquiries with development scheme managers; • **Our sector expertise:** Assessed the rationale for forecasted sales prices and consideration of sales conditions within the geographical area with reference to market data; • **Sensitivity analysis:** Performed sensitivity analysis over the forecasted costs and the impact on the recoverability of the site to price increases from the original forecast. We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. **Our results** • We found the resulting carrying amount of stock and work in progress to be acceptable (2022: acceptable).

	The risk	Our response
Valuation of defined benefit plan obligations for certain pension schemes **Group and Association** (Group: £310 million; 2022 £319m; Association: £227 million; 2022 £317m) *Refer to page 99-108 (accounting policy and financial disclosures)*	**Subjective valuation** The Group's largest defined benefit obligations arise from the London Pension Fund Authority (LPFA), Social Housing Pension Scheme (SHPS), and, acquired in the current year as part of the acquisition, Ealing Family Housing Association (EFHAPS). The Association's largest defined benefit obligations arise from LPFA and SHPS. The selection of assumptions in valuing these defined benefit pension scheme obligations is inherently subjective and small changes in the assumptions and estimates used to value these pension obligations could have a significant effect on the measurement of the Group's and the Association's defined benefit obligations. The estimates are particularly sensitive to the discount rate applied to the scheme liabilities, inflation rates and mortality/life expectation rates. The effect of these matters is that, as part of our risk assessment, we determined that the Group's and Association's valuations of these defined benefit obligations have a significant degree of estimation uncertainty. The financial statements (note 30) disclose the assumptions used by the Group and Association in completing the year end valuation of these obligations. Our assessment of the significance of this risk has reduced since the prior period due to the reduction in the value of these defined benefit obligation, on account of changes in economic conditions.	• Our procedures on the EFHAPS, LPFA and SHPS defined benefit obligations included: • **Assessing actuary's credentials:** We assessed the competence, independence, and expertise of the pension scheme actuaries used by the Group to calculate the defined benefit plan obligations. • **Benchmarking assumptions:** We challenged, with support of our own actuarial specialists, the key assumptions applied in the valuation of the year-end obligations, being the discount rate, inflation rate, and mortality/life expectancy against externally derived data. • **Assessing transparency:** We assessed the adequacy of the Group's and Association's disclosures in relation to the key assumptions used in valuing the pension scheme obligations. We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. **Our results** • We found the resulting valuation of the Group's defined benefit plan obligations for the EFHAPS, LPFA and SHPS schemes to be acceptable (2022: valuation of the Group's defined benefit plan obligations for the LPFA and SHPS schemes acceptable). • We found the resulting valuation of the Association's defined benefit plan obligations for the LPFA and SHPS schemes to be acceptable (2022: acceptable).

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £21.9m (2022: £13.5m), determined with reference to a benchmark of Group total revenues, of which it represents 2.0% (2022: 2.0%).

Materiality for the parent Association financial statements as a whole was set at £8.9m (2022: £7.91m), determined with reference to a benchmark of Association total revenues, of which it represents 2.0% (2022: 2.0%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2022: 75%) of materiality for the financial statements as a whole, which equates to £16.4m (2022: £10.1m) for the Group and £6.67m (2022: £5.93m) for the parent Association. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £1.095m (2022: £675k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 33 (2022: 34) reporting components, we subjected 5 (2022: 5) to full scope audits for group purposes.

The components within the scope of our work accounted for the percentages illustrated opposite.

The remaining 2% (2022: 7%) of total Group revenue and 3% (2022: 6%) of total Group assets is represented by 28 (2022: 29) reporting components, none of which individually represented more than 1% (2022: 5%) of any of total Group revenue or total Group assets. For the residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back.

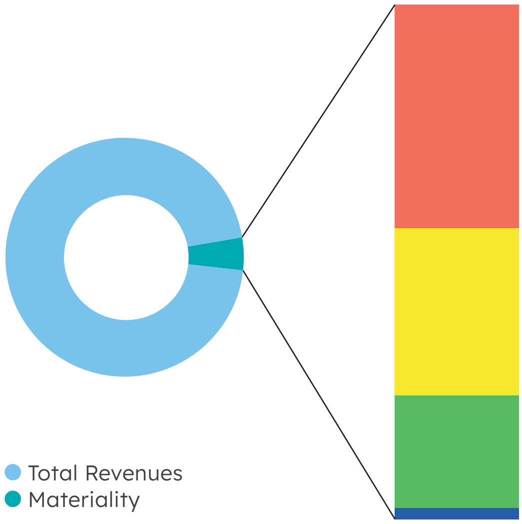
The Group team approved the component materialities, which ranged from £11m to £1.89m (2022: £7.91m to £436k), having regard to the mix of size and risk profile of the Group across the components. The work on 1 of the 5 components (2022: 1 of the 5 components) was performed by component auditors and the rest, including the audit of the parent Association, was performed by the Group team.

Video and telephone conference meetings were held with the component auditor for the 1 (2022: 1) component. At these meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.

Our audit planning was performed reflecting the Association's unlisted status at the time of our planning processes. Our audit work was also performed on this basis as the Association remained unlisted throughout the accounting period. When the status of the entity changed from unlisted to listed we evaluated our audit approach, audit work, audit evidenced obtained and conclusions reached to confirm whether this approach, in our opinion, delivered sufficient appropriate evidence. We note that the primary change, had this audit been planned at the outset as an audit of a listed entity, would have been to use a lower whole financial statements materiality for the Group and the Association from that disclosed above. Based on our assessment of work performed and the related audit findings we concluded that sufficient appropriate evidence had been obtained.

The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting.

Total Group Revenues
£1,111m (2022: £461m)



Group Materiality
£21.9m

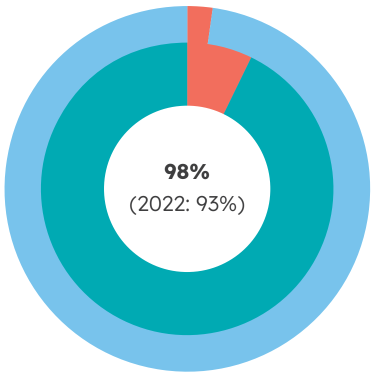
£21.9m
Whole financial statements materiality (2022: £13.5m)

£16.4m
Whole financial statements performance materiality (2022: £10.1m)

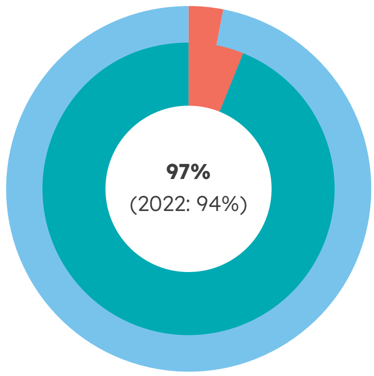
£11m
Range of materiality at 5 components (£11m-£1.89m) (2022: £7.91m to £436k)

£1.095m
Misstatements reported to the Audit and Risk Committee (2022: £675k)

Group revenue



Group total assets



- Full scope for group audit purposes 2023
- Full scope for group audit purposes 2022
- Residual components

4. Going concern

The Association's Board has prepared the financial statements on the going concern basis as it does not intend to liquidate the Group or the Association or to cease their operations, and as it has concluded that the Group's and the Association's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Association's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Association's available financial resources and/or metrics relevant to debt covenants over this period were:

- The impact of high inflation rates on costs, particularly in a scenario where social rent increases are capped below the rate of inflation; and
- The impact of reductions in property sales prices.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

We considered whether the going concern disclosure in note 1.3 to the financial statements gives a full and accurate description of the Association's Board's assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Association's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 1.3 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Association will continue in operation.

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the Audit and Risk Committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading the Board and the Audit and Risk Committee minutes.
- Considering remuneration incentive schemes and performance targets.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Reading a copy of the Group's fraud register.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates such as the assumptions used in the value of housing stock held in current assets. On this audit we do not believe there is a fraud risk related to revenue recognition because of the low degree of complexity and subjectivity in the Group's material revenue streams leading to limited opportunity for revenue to be fraudulently manipulated. We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included journal entries posted within supplier accounts without a valid account name, and journal entries posted by individuals who do not typically post journal entries;
- Evaluated the business purpose of significant unusual transactions; and
- Assessing whether the judgements made in the accounting estimates are indicative of potential bias including assessing the assumptions used in the value of housing stock held in current assets.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the Group's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related Co-operative and Community Benefit Societies legislation, social housing legislation and the requirements imposed by the Regulator of Social Housing), taxation legislation, pensions legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: health and safety and data protection laws, recognising the regulated nature of the Group's activities. Auditing standards limit the required audit procedures to identify non- compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. We have nothing to report on the other information in the Annual Report

The Association's Board is responsible for the other information, which comprises the Board's Strategic Report and Corporate Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

7. We have nothing to report on the other matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

- the Association has not kept proper books of account; or
- the Association has not maintained a satisfactory system of control over its transactions; or
- the financial statements are not in agreement with the Association's books of account; or
- we have not received all the information and explanations we need for our audit.

We have nothing to report in these respects.

8. Respective responsibilities

Board's responsibilities

As explained more fully in their statement set out on page 63, the Association's Board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association, for our audit work, for this report, or for the opinions we have formed.

Harry Mears
for and on behalf of KPMG LLP,
Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

19 September 2023

Statement of comprehensive income

	Note	Group 2023 £m	Peabody 2023 £m	Group 2022 £m	Peabody 2022 £m
Turnover	3.1	**1,111**	**461**	664	411
Operating costs	3.1	**(926)**	**(395)**	(531)	(328)
Surplus on sale of fixed assets	7	**72**	**50**	80	73
Operating surplus before change in investment properties		**257**	**116**	213	156
Change in value of investment properties	16	**(50)**	**(23)**	34	3
Operating surplus	3.1, 8	**207**	**93**	247	159
Interest receivable and similar income	9	**1**	**63**	–	56
Interest payable and similar charges	10	**(139)**	**(126)**	(79)	(97)
Movement in fair value of derivative financial instruments		**4**	**–**		
Share of operating profit of joint ventures	20	**9**	**–**	1	–
Gift on acquisition	34	**1,833**	**(6)**		
Surplus before taxation		**1,915**	**24**	169	118
Gift aid and charitable donations	11	**–**	**36**	–	17
Taxation	12	**7**	**–**	(19)	–
Surplus for the year		**1,922**	**60**	150	135
Other comprehensive income					
Pension scheme actuarial gain	30	**48**	**50**	36	36
Change in value of hedged instrument	10	**6**	**–**	–	–
Total comprehensive income for the year		**1,976**	**110**	186	171

All operations are continuing.

The accompanying notes form part of these financial statements.

These financial statements were approved by the Board on 4 September 2023 and signed on 19 September 2023 on its behalf by:

David Hardy
Interim Chair

Ian McDermott
Chief Executive

Sarah Cameron
Secretary

Statement of financial position

	Note	Group 2023 £m	Peabody 2023 £m	Group 2022 £m	Peabody 2022 £m
Non-current assets					
Intangible assets	13	**48**	**42**	31	31
Tangible fixed assets – housing	14	**11,080**	**6,268**	7,336	5,978
Other tangible fixed assets	15	**100**	**63**	88	61
Total fixed assets		**11,228**	**6,373**	7,455	6,070
Investment properties	16	**509**	**261**	517	238
Other investments	17	**8**	**123**	6	121
Homebuy loans receivable	18	**74**	**4**	4	–
Starter homes initiative investment	19	**3**	**3**	5	5
Investment in joint ventures	20	**71**	**–**	44	–
Total investments		**665**	**391**	576	364
Debtors due in more than one year	21	**56**	**1,223**	102	1,227
Total non-current assets		**11,949**	**7,987**	8,133	7,661
Current assets					
Stock	22	**469**	**2**	464	–
Debtors due in less than one year	23	**145**	**103**	69	66
Cash and cash equivalents		**142**	**55**	125	78
Total current assets		**756**	**160**	658	144
Creditors: amounts falling due within one year	24	**(507)**	**(362)**	(286)	(203)
Net current assets/(liabilities)		**249**	**(202)**	372	(59)
Total assets less current liabilities		**12,198**	**7,785**	8,505	7,602
Creditors: amounts falling due after more than one year	25	**(6,598)**	**(4,610)**	(4,830)	(4,485)
Provisions for liabilities and charges	29	**(28)**	**–**	(35)	–
Derivatives financial instruments	28	**(4)**	**–**	–	–
Pension liabilities	30	**(24)**	**(16)**	(72)	(68)
		(6,654)	**(4,626)**	(4,937)	(4,553)
Net assets		**5,544**	**3,159**	3,568	3,049
Income and expenditure reserve		**4,601**	**2,437**	2,642	2,327
Revaluation reserve		**926**	**722**	926	722
Cashflow hedging reserve		**17**	**–**	–	–
Reserves		**5,544**	**3,159**	3,568	3,049

The accompanying notes form part of these financial statements.

These financial statements were approved by the Board on 4 September 2023 and signed on 19 September 2023 on its behalf by:

David Hardy
Interim Chair

Ian McDermott
Chief Executive

Sarah Cameron
Secretary

Strategic Report

Corporate Governance

Financial Statements

Statement of changes in reserves

Group	Note	Income and expenditure reserve £m	Revaluation reserve £m	Cash flow hedging reserve £m	Total reserves £m
Balance at 1 April 2022		2,642	926	–	3,568
Surplus for the year		1,911		11	1,922
Pension scheme actuarial gain	30	48	–	–	48
Movement in fair value of derivative financial instruments	28	–	–	6	6
Total comprehensive income for the year		**1,959**	–	**17**	**1,976**
Balance at 31 March 2023		**4,601**	**926**	**17**	**5,544**
Balance at 1 April 2021		2,456	926	–	3,382
Surplus for the year		150	–	–	150
Pension scheme actuarial gain		36	–	–	36
Total comprehensive income for the year		186	–	–	186
Balance at 31 March 2022		2,642	926	–	3,568

Peabody	Note	Income and expenditure reserve £m	Revaluation reserve £m	Cash flow hedging reserve £m	Total reserves £m
Balance at 1 April 2022		2,327	722	–	3,049
Surplus for the year		60	–	–	60
Pension scheme actuarial gain	30	50	–	–	50
Total comprehensive income for the year		**110**	**–**	**–**	**110**
Balance at 31 March 2023		**2,437**	**722**	**–**	**3,159**
Balance at 1 April 2021		2,095	722	–	2,817
Surplus for the year		135	–	–	135
Pension scheme actuarial gain	30	36	–	–	36
Transfer of engagement from Peabody South East Limited		61	–	–	61
Total comprehensive income for the year		232	–	–	232
Balance at 31 March 2022		2,327	722	–	3,049

The accompanying notes form part of these financial statements.

Statement of cash flows

Peabody Trust is a social landlord regulated by the Regulator of Social Housing (RSH). The parent as a standalone entity is exempt from preparing a cash flow. The Peabody Group cash flow is shown below.

	Note	**Group 2023 £m**	Group 2022 £m
Net cash generated from operating activities	38	**475**	146
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets	7	**134**	170
Proceeds from sale of investment properties	7	**–**	10
Proceeds from redemption of Homebuy loans and other loan activities	7	**8**	–
Purchases of intangible fixed assets	13	**(23)**	(13)
Purchase of tangible fixed assets		**(585)**	(499)
Purchase of investment assets	16	**(29)**	(28)
Investment into joint ventures	20	**(24)**	–
Proceeds received from joint ventures	20	**42**	–
Receipt of government grant	26	**40**	82
Repayment of government grants	26	**(3)**	–
Receipt of non-government grant	26	**4**	3
Interest received		**1**	–
Cost of acquisition	34	**(27)**	–
Cash acquired on acquisition	34	**98**	–
Net cash used in investing activities		**(364)**	(275)
Cash flows from financing activities			
New bonds and bank loans		**291**	519
Repayment of bank loans		**(202)**	(313)
Interest paid		**(183)**	(79)
Net cash from financing activities		**(94)**	127
Net increase/(decrease) in cash and cash equivalents		**17**	(2)
Cash and cash equivalents at beginning of year		**125**	127
Cash and cash equivalents at end of year		**142**	125

Statement of cash flows continued

Reconciliation of net cash flow to movement of debt	**2023 £m**	2022 £m
Decrease in cash in year	**17**	(2)
Increase in debt due to acquisition	**(1,525)**	–
Cash received from loan advances (net)	**(89)**	(206)
Cash outflow from movement in liquid resources	**(17)**	2
Change in debt	**(1,614)**	(206)
Debt at 1 April	**(3,117)**	(2,911)
Debt at 31 March	**(4,731)**	(3,117)

Consolidated analysis of changes in net debt	At 1 April 2022 £m	Debt acquired on acquisition £m	Cash flows £m	**At 31 March 2023 £m**
Cash in hand and at bank	125	–	17	**142**
Debts due within 1 year	(22)	–	6	**(16)**
Debts due after 1 year	(3,095)	(1,525)	(95)	**(4,715)**
Total net debt	**(2,992)**	**(1,525)**	**(72)**	**(4,589)**

The accompanying notes form part of these financial statements.

Notes to the financial statements

1. Legal entity

The association is registered under the Co-operative and Community Benefit Societies Act 2014 and is a registered provider of social housing (number 7741) and with the Regulator of Social Housing (number 4878).

2. Accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (March 2018) ('FRS 102'), Statement of 2018 Recommended practice for social housing providers ('the SORP'), the Accounting Direction for Private Registered Providers of Social Housing 2022 ('the Accounting Direction') and the Co-operative and Community Benefit Societies Act 2014.

Peabody Trust and a number of its subsidiaries are public benefit entities.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to Peabody Trust consolidated ('Group') and individual ('Peabody') financial statements.

The principal accounting policies adopted in the preparation of these financial statements are set out in the relevant notes to these financial statements. Accounting policies not specifically attributed to a note are set out below.

The financial statement are presented in Sterling (£).

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of Peabody and entities (including special purpose entities) controlled by the Group (its 'subsidiaries'). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Intercompany transactions and balances between Group entities are eliminated in full upon consolidation.

2.3 Going concern

The combined new Group's budgets and forecasts for 2023/24, approved by the Board in March 2023, and the Long Term Financial Plan, approved by the Board in May 2023, have taken into account the increased size of the operations and integration plans are mindful of the inflationary environment. The resilience of the business plan is supported by:

(i) Capital at Risk thresholds which are monitored on a monthly basis to ensure there is capacity to absorb a 33 percent downturn in the property market;

(ii) stress testing across a range of severe but plausible stress scenarios, both in isolation and in combination

(iii) identified risk mitigations which can be implemented in a stressed scenario, and

(iv) prudent liquidity policies, including a requirement for cash and available facilities to cover 18 months of expenditure from contracted income only.

Trading in the year to date is in line with expectations reflected in our budgets and the Group continues to generate surpluses in the current environment. We continued to receive strong interest in reservations for homes and reservations continue to progress to completion. We have maintained strong liquidity, with cash balances and unutilised loan facilities similar to the 31 March level of £1.7bn.

The Board believes that the Group and Trust has sufficient funding in place and expect the Group to be in compliance with its debt covenants even in severe but plausible downside scenarios. Consequently, the Board is confident that the Group and Trust will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. They therefore have prepared the financial statements on a going concern basis.

2.4 Business combinations

Acquisitions (of subsidiary companies) are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree plus costs directly attributable to the business combination.

If the net fair value of the identifiable assets and liabilities acquired exceeds the cost of a business combination, the excess up to the fair value of non-monetary assets acquired is recognised in the Statement of Comprehensive Income in the periods in which the non-monetary assets are recovered.

Peabody Trust and Catalyst Housing Limited joined together on 1 April 2022. This was accounted for as an acquisition of Catalyst Housing Limited by Peabody Trust. Fair values have been applied to the assets and liabilities of Catalyst Housing Limited as at 1 April 2022, as required by FRS 102.

The adjustments to fair value are recognised on consolidation. A review of the accounting policies and estimates was undertaken to ensure uniformity and the classification of transactions across the new Group. Any adjustments made as a result of a change in accounting policies or application of fair value are detailed in note 34.

2.5 Cash and cash equivalents

Cash and cash equivalents consist of cash at bank, in hand, deposits, short-term investments. Any bank accounts in overdraft are included within the overall cash balance.

2.6 Service charge sinking fund

Under the terms and conditions of their leases, leaseholders are required to contribute to a sinking fund for future provision of communal facilities. These funds are invested in separate bank accounts in order to meet future commitments. Interest received is credited to these funds.

2.7 Value Added Tax

The Peabody Trust is partially exempt in relation to Value Added Tax (VAT), and accordingly can recover from HM Revenue & Customs part of the VAT incurred on expenditure. The statement of financial position includes VAT recoverable and payable at the year end. The Group includes irrecoverable VAT in the Statement of Comprehensive income.

2.8 Segmental reporting

Segmental reporting is presented in these consolidated financial statements in respect of the Group's business segments, which are the primary basis of segmental reporting. The business' segmental reporting is disclosed in note 3 and reflects the Group's management and internal reporting structure.

2. Accounting policies continued

2.8 Segmental reporting continued

Segmental results include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. As the group has no material activities outside the UK, segmental reporting is not required by geographical region. The chief operating decision makers have been identified as the Executive Leadership Team.

2.9 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Directors have made the following key judgements:

- Determining whether there are indicators of impairment of the Group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset, and where it is a component of a larger unit or development, the viability and expected future performance of that asset.
- Tangible fixed assets, other than land, shared ownership assets and investment properties, are depreciated over their useful lives. The actual lives of the assets and residual values are assessed periodically and may vary depending on a number of factors, such as technological innovation, product life-cycles and maintenance programmes. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Properties that are held to earn commercial rentals or for capital appreciation, or both, must be treated as investment properties and accounted for in accordance with section 16 of FRS 102. There are a number of tenure types of housing property where it is a matter of judgement whether they should be categorised as investment property or property, plant and equipment. The intended use of the property needs to be determined when categorising different tenure types of housing property providing due consideration to the level of rent charged and with regard to objectives of the Group.
- The valuation of defined benefit pension schemes has been carried out by qualified actuaries based upon assumptions. While key assumptions used in the valuations are based upon published information, there is a degree of judgement involved in selecting the most appropriate financial variables for each scheme. Where the valuation results in a pension surplus, we have restricted this to nil to reflect the true economic benefit on maturity to the Group.
- At the reporting date, the Group holds £509 million of investment properties. The fair value of investment properties is a recurring fair value measurement using a yield methodology. In deriving the valuation, we engage and utilise third party RICS qualified surveyors applying the RICS Valuation Global Standards 2017 ('Red Book').

  The valuation techniques and significant unobservable inputs used in determining fair values as well as the inter-relationship between key unobservable inputs and fair value are as follows:

  Equivalent Yield (EY) – The yield rate ranges from 6% to 9.25% and is derived from market conditions, geographic location and specific conditions influencing the properties such as aging and marketability.

  Equivalent Rent Value (ERV) – Rent per square foot is derived from current rent achieved and comparative market data for properties in the region.
- We have adopted the purchase method of acquisition accounting as highlighted in 2.4 in the accounting policies, with housing assets and fixed rate loans professionally valued by qualified experts.

  Completed housing property units, along with the retained equity in shared ownership units acquired, were fair valued to their existing use value for social housing. Jones Lang LaSalle (JLL), carried out valuation using a discounted cash flow model on the entire housing portfolio. The key inputs into the valuations were the passing rent and the relevant cost bases associated, the discount rate, rent and expenditure growth rates. There are ongoing implications from the valuation for carrying value, disposals, grants and amortisation.

  The specialist treasury firm, Centrus carried out the valuation using underlying assumptions based on market price where available or based on recent transactions using similar financial instruments. There are ongoing implications from the valuation for carrying value and its release in future year's amortisation.

The Directors consider that the valuations are reasonable, and the risk of a material misstatement is low.

3. Turnover and operating surplus

Turnover represents rental and service charge income receivable (net of rent and service charge losses from voids), income from shared ownership first tranche and open market sales, services rendered, revenue grants and amortisation of Social Housing grant.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Rental income under operating leases is recognised as it falls due. Income from first tranche and market sales is recognised at the point of legal completion of the sale.

First tranche sales and open market sales are sales of stock and are recognised in the Statement of Comprehensive Income in the period to which they relate.

Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs. Turnover is only recognised to the extent of recoverable expenses when the outcome of a contract cannot be estimated reliably.

Turnover from grants is recognised when the conditions for receipt of agreed grant funding have been met, either in full or amortised over its useful life. Income and costs are allocated to different tenures where identifiable. Income and costs that cannot be easily identified with a specific tenure are allocated based upon an assessment of the activities and size of that tenure group.

3.1 Turnover and operating surplus

Group	Turnover 2023 £m	Operating costs 2023 £m	Operating surplus/(deficit) 2023 £m	Turnover 2022 £m	Operating costs 2022 £m	Operating surplus/(deficit) 2022 £m
Social housing lettings	**711**	**(539)**	**172**	452	(318)	134
Other social housing activities						
First tranche shared ownership sales	**113**	**(102)**	**11**	43	(34)	9
Charges for support services	**25**	**(25)**	**–**	29	(29)	–
Other	**2**	**(9)**	**(7)**	–	(5)	(5)
	140	**(136)**	**4**	72	(68)	4
Non-social housing activities						
Market sale	**200**	**(179)**	**21**	104	(92)	12
Development	**6**	**(9)**	**(3)**	3	(12)	(9)
Community regeneration	**2**	**(10)**	**(8)**	1	(6)	(5)
Other	**52**	**(53)**	**(1)**	32	(35)	(3)
	260	**(251)**	**9**	140	(145)	(5)
Total	**1,111**	**(926)**	**185**	664	(531)	133
Surplus on sale of fixed assets (see note 7)			**72**			80
Operating surplus before change in investment properties			**257**			213

Peabody	Turnover 2023 £m	Operating costs 2023 £m	Operating surplus/(deficit) 2023 £m	Turnover 2022 £m	Operating costs 2022 £m	Operating surplus/(deficit) 2022 £m
Social housing lettings	**405**	**(318)**	**87**	377	(271)	106
Other social housing activities						
First tranche shared ownership sales	**7**	**(7)**	**–**	–	–	–
Charges for support services	**23**	**(23)**	**–**	7	(7)	–
Other	**–**	**(12)**	**(12)**	–	(11)	(11)
	30	**(42)**	**(12)**	7	(18)	(11)
Non-social housing activities						
Development	**–**	**(4)**	**(4)**	3	(10)	(7)
Community regeneration	**–**	**–**	**–**	–	–	–
Other	**26**	**(31)**	**(5)**	24	(29)	(5)
	26	**(35)**	**(9)**	27	(39)	(12)
Total	**461**	**(395)**	**66**	411	(328)	83
Surplus on sale of fixed assets (see note 7)	**–**	**–**	**50**	–	–	73
Operating surplus before change in investment properties			**116**			156

Notes to the financial statements continued

3. Turnover and operating surplus continued

3.2 Particulars of turnover and operating costs from social housing lettings

Group	Housing accommodation 2023 £m	Supported and older people 2023 £m	Shared ownership 2023 £m	Intermediate rent 2023 £m	Total 2023 £m	Total 2022 £m
Rents receivable	498	33	61	26	618	398
Service charges receivable	35	15	22	1	73	41
Gross rental income	533	48	83	27	691	439
Voids	(5)	(3)	(1)	–	(9)	(6)
Net rental income	528	45	82	27	682	433
Amortised government grants	13	1	–	–	14	15
Revenue grants	1	–	8	–	9	–
Other income	2	2	2	–	6	4
Total turnover from social housing lettings	544	48	92	27	711	452
Service charge costs	(51)	(13)	(22)	(2)	(88)	(45)
Management	(122)	(9)	(11)	(6)	(148)	(90)
Routine maintenance	(84)	(6)	–	(3)	(93)	(54)
Cyclical maintenance	(66)	(4)	(13)	(1)	(84)	(43)
Bad debts	(3)	(1)	–	–	(4)	(3)
Depreciation	(110)	(8)	–	(4)	(122)	(83)
Operating costs on social housing lettings	(436)	(41)	(46)	(16)	(539)	(318)
Operating surplus on social housing lettings	108	7	46	11	172	134
Operating margin %	20%	15%	50%	41%	24%	30%

Peabody	Housing accommodation 2023 £m	Supported and older people 2023 £m	Shared ownership 2023 £m	Intermediate rent 2023 £m	Total 2023 £m	Total 2022 £m
Rents receivable	286	17	27	24	354	329
Service charges receivable	20	8	13	–	41	33
Gross rental income	306	25	40	24	395	362
Voids	(3)	(3)	–	–	(6)	(5)
Net rental income	303	22	40	24	389	357
Amortised government grants	13	1	–	–	14	14
Revenue grants	–	1	–	–	1	–
Other income	–	1	–	–	1	6
Total turnover from social housing lettings	316	25	40	24	405	377
Service charge costs	(24)	(6)	(14)	(1)	(45)	(38)
Management	(76)	(7)	(6)	(6)	(95)	(81)
Routine maintenance	(46)	(4)	–	(2)	(52)	(45)
Cyclical maintenance	(47)	(3)	–	(2)	(52)	(36)
Bad debts	(1)	–	–	–	(1)	(3)
Depreciation	(64)	(5)	–	(4)	(73)	(68)
Operating costs on social housing lettings	(258)	(25)	(20)	(15)	(318)	(271)
Operating surplus on social housing lettings	58	0	20	9	87	106
Operating margin %	18%	0%	50%	38%	21%	28%

3.3 Operating segments

	Group			Peabody		
	Turnover 2023 £m	**Surplus/ (deficit) 2023 £m**	**Assets 2023 £m**	**Turnover 2023 £m**	**Surplus/ (deficit) 2023 £m**	**Assets 2023 £m**
Housing for rent	**711**	**172**	**11,249**	**405**	**87**	**6,390**
Development of housing for sale	**319**	**101**	**768**	**7**	**46**	**1,247**
Other activity	**81**	**(16)**	**688**	**49**	**(17)**	**510**
	1,111	**257**	**12,705**	**461**	**116**	**8,147**

	Group			Peabody		
	Turnover 2022 £m	Surplus 2022 £m	Assets 2022 £m	Turnover 2022 £m	Surplus 2022 £m	Assets 2022 £m
Housing for rent	452	134	7,108	377	106	6,426
Development of housing for sale	152	35	1,030	3	20	902
Other activity	60	44	653	31	30	477
	664	213	8,791	411	156	7,805

4. Accommodation owned and in management

At 31 March	**Group 2023 Units**	**Peabody 2023 Units**	Group 2022 Units	Peabody 2022 Units
Social	**63,311**	**36,176**	43,665	36,146
Affordable	**8,191**	**3,990**	4,700	3,406
Shared ownership	**11,307**	**5,112**	5,541	4,685
Intermediate market rent	**3,264**	**2,013**	2,318	2,000
Supported housing	**5,362**	**3,425**	3,696	3,348
Leasehold managed	**11,102**	**6,685**	6,108	5,947
Non-social housing	**2,115**	**623**	626	486
Total units owned and managed	**104,652**	**58,024**	66,654	56,018
Managed on behalf of others	**879**	**255**	262	262
Total units in management	**105,531**	**58,279**	66,916	56,280
Units owned managed by others	**1,918**	**1,121**	1,042	990
Total	**107,449**	**59,400**	67,958	57,270

5 Emoluments of Board members and executive officers

	Group 2023 £	Peabody 2023 £	Group 2022 £	Peabody 2022 £
Board and committee members received emoluments totaling	463,417	365,917	335,507	180,931
Board and committee members' expenses were:	1,662	1,552	1,994	1,029

The remuneration paid to the Peabody Executive Officers and the Group Chief Executive was as follows:

	Group 2023 £	Peabody 2023 £	Group 2022 £	Peabody 2022 £
Total emoluments to directors and former directors (including pension contributions and benefits in kind)	3,042,948	2,826,405	2,791,082	2,019,137
The remuneration paid to the Peabody Executive Officers and the Group Chief Executive was as follows:				
Emoluments paid to the new Group Chief Executive	386,348	386,348	126,748	126,748
Emoluments paid to the former Group Chief Executive	–	–	207,703	207,703
Highest-paid director	386,348	386,348	438,442	438,442

In 2023 the highest-paid director was the Group Chief Executive. Total payments to the Peabody Executive Officers in respect of loss of office was £63k (2022: £175k).

6 Employee information

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

Defined contribution plans and other long-term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

Termination benefits

Termination benefits are recognised as an expense when the entity is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the entity has made an offer of voluntary redundancy and the cost can be reliably estimated.

The average number of people employed during the year was:

	Group 2023 No.	Peabody 2023 No.	Group 2022 No.	Peabody 2022 No.
Full-time equivalents (FTE)	**3,876**	**2,314**	2,808	1,904

FTEs are calculated in terms of the number of hours worked each week. Staff employed are expected to work 35 hours a week.

Employee costs	Group 2023 £m	Peabody 2023 £m	Group 2022 £m	Peabody 2022 £m
Wages and salaries	**160**	**94**	107	80
Social security costs	**17**	**10**	11	8
Other pension costs (note 30)	**9**	**5**	6	4
Other employee costs	**6**	**6**	2	2
	192	**115**	126	94

6 **Employee information** continued

The numbers of employees and directors who received remuneration in excess of £60,000 per annum are stated below (including pension contributions and loss of office):

	Group 2023 No.	**Peabody 2023 No.**	Group 2022 No.	Peabody 2022 No.
£60,001 to £70,000	**180**	**116**	101	88
£70,001 to £80,000	**96**	**60**	65	61
£80,001 to £90,000	**47**	**25**	34	30
£90,001 to £100,000	**39**	**26**	34	32
£100,001 to £110,000	**36**	**27**	16	14
£110,001 to £120,000	**19**	**15**	8	5
£120,001 to £130,000	**17**	**10**	6	6
£130,001 to £140,000	**13**	**9**	3	3
£140,001 to £150,000	**11**	**11**	10	9
£150,001 to £160,000	**3**	**2**	3	2
£160,001 to £170,000	**7**	**7**	3	3
£170,001 to £180,000	**7**	**6**	6	5
£180,001 to £190,000	**3**	**3**	2	2
£190,001 to £200,000	**1**	**1**	1	1
£200,001 to £210,000	**2**	**1**	2	1
£210,001 to £220,000	**3**	**1**	–	–
£220,001 to £230,000	**–**	**–**	2	1
£230,001 to £240,000	**1**	**1**	–	–
£240,001 to £250,000	**–**	**–**	2	2
£250,001 to £260,000	**3**	**3**	1	1
£260,001 to £270,000	**2**	**2**	–	–
£270,001 to £280,000	**1**	**1**	–	–
£300,001 to £310,000	**1**	**1**	–	–
£310,001 to £320,000	**1**	**1**	–	–
£330,001 to £340,000	**1**	**1**	–	–
£380,001 to £390,000	**1**	**1**	–	–
£430,001 to £440,000	**–**	**–**	1	1
	495	**331**	300	267

7. Surplus on sale of fixed assets

Sales of assets are sales of tangible fixed assets. The gain or loss on disposal of housing properties is calculated as being the difference between the proceeds of sale of a property and the carrying value of that property as at the date of legal transfer. Sales of the first tranche of shared ownership properties are included in turnover. Sales of subsequent tranches are included as sales of fixed assets.

	Group				Peabody			
	Proceeds £m 2023	**Costs £m 2023**	**Surplus £m 2023**	Surplus £m 2022	**Proceeds £m 2023**	**Costs £m 2023**	**Surplus £m 2023**	Surplus £m 2022
Shared ownership	**81**	**(53)**	**28**	28	**48**	**(30)**	**18**	26
Right to Buy/Right to Acquire	**3**	**(1)**	**2**	1	**1**	**–**	**1**	–
Disposal of housing properties	**47**	**(11)**	**36**	43	**34**	**(4)**	**30**	41
Social Homebuy	**8**	**(4)**	**4**	–	**–**	**–**	**–**	–
Other	**3**	**(1)**	**2**	8	**2**	**(1)**	**1**	6
	142	**(70)**	**72**	80	**85**	**(35)**	**50**	73

8. Operating surplus

	Group 2023 £m	**Peabody 2023 £m**	Group 2022 £m	Peabody 2022 £m
Operating surplus is stated after charging:				
Depreciation of tangible fixed assets	**122**	**73**	83	68
Depreciation of other tangible fixed assets	**7**	**5**	4	4
Amortisation of intangible fixed assets	**14**	**11**	10	9
Operating lease charges	**3**	**2**	2	1
Defined contribution pension cost	**4**	**–**	–	–
Auditor's remuneration:	**£'000**	**£'000**	£'000	£'000
In their capacity as auditor	**780**	**161**	470	217
In respect of non-audit services:				
• Other (Service Charges and Treasury)	**41**	**41**	82	82

The above audit fees exclude VAT.

9 Interest receivable and similar income

	Group 2023 £m	**Peabody 2023 £m**	Group 2022 £m	Peabody 2022 £m
Other interest receivable and similar income	**1**	**1**	–	–
Interest received from Group entities	**–**	**62**	–	56
Interest received from swap instruments	**–**	**–**	–	–
	1	**63**	–	56

10. Interest payable and similar charges

Interest payable on loans is charged to the Statement of Comprehensive Income together with amortisation charges, except to the extent that funds are used to finance specific developments, where interest is capitalised to the date of practical completion of the scheme.

Interest charged between entities within the Peabody Group is charged to the Statement of Comprehensive Income at commercial rates.

Charged in surplus for the year	**Group 2023 £m**	**Peabody 2023 £m**	Group 2022 £m	Peabody 2022 £m
Interest payable on borrowings	**175**	**77**	103	59
Interest payable to Group entities	**–**	**49**	–	40
Interest on recycled capital grant	**1**	**1**	–	–
Sundry Loan Costs	**5**	**5**	3	2
Loan break costs/termination costs	**–**	**3**	2	2
Net interest cost on pension scheme (note 30)	**2**	**2**	2	2
	183	**137**	110	105
Capitalised Interest	**(44)**	**(11)**	(31)	(8)
	139	**126**	79	97

11. Gift aid and charitable donations

Charitable donations received	**Group 2023 £m**	**Peabody 2023 £m**	Group 2022 £m	Peabody 2022 £m
Peabody Developments Limited	**–**	**21**	–	1
Tilfen Land Limited	**–**	**4**	–	4
Peabody Construction Limited	**–**	**8**	–	11
Peabody Group Maintenance Limited	**–**	**3**	–	1
Total gift aid and donations	**–**	**36**	–	17

12. Taxation

Peabody Trust has charitable status and is therefore not subject to Corporation Tax on surpluses derived from its charitable activities.

Non-charitable subsidiaries are subject to Corporation Tax. The charge for taxation is based on the surplus for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Where possible, taxable subsidiaries will make gift aid payments to mitigate Corporation Tax.

Deferred tax liabilities are recognised, without discounting, in respect of all timing differences which have arisen but not reversed by the reporting date.

A deferred tax asset is only recognised on losses arising if management believe they will crystallise in the foreseeable future.

Analysis of change for the year	**Group 2023 £m**	**Peabody 2023 £m**	Group 2022 £m	Peabody 2022 £m
Deferred tax				
Origination and reversal of timing differences	**(7)**	**–**	19	–
Total deferred tax charge/(credit)	**(7)**	**–**	19	–
Taxation of surplus on ordinary activities	**(7)**	**–**	19	–

Deferred Tax has been provided in the year to reflect the timing difference between accounting and taxable profits on the revaluation of the investment properties held in the Group's corporate subsidiaries. While a full provision has been made based on the unrealised revaluation at the reporting date, it is not expected that any tax charge will actually crystallise or any tax paid in the foreseeable future given that the properties are held as part of the charitable purpose of the Group. If the properties were ever sold, based on current tax rules and legislation, any profit realised would be mitigated by the corporate entities through charitable donation of profit to Peabody Trust. The deferred tax liability as at 31 March 2023 has been calculated based on the tax rate that is expected to apply to the reversal of the timing differences of 21%.

Reconciliation of tax charge	**Group 2023 £m**	**Peabody 2023 £m**	Group 2022 £m	Peabody 2022 £m
Surplus on ordinary activities before taxation	**1,922**	**60**	150	135
Tax on surplus at corporation tax rate of 19% (2022: 19%)	**365**	**11**	32	25
Effects of:				
Non-taxable surplus on charitable activities	**(375)**	**(9)**	(26)	(22)
Income not taxable for tax purposes	**10**	**5**	(6)	–
Origination and reversal of timing differences	**(7)**	**–**	19	–
Effect of gift aid	**–**	**(7)**	–	(3)
Tax (credit)/charge for the year	**(7)**	**–**	19	–

13. Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Research and development costs

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research is recognised as an expense when it is incurred. Intangible assets are capitalised from the development phase of a project only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their expected useful economic lives. If it is not possible to distinguish between the research phase and the development phase of an internal project the expenditure is treated as if it were all incurred in the research phase only.

Software development costs

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

Software development costs	5 years

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

	Group Computer software £m	Peabody Computer software £m
Cost		
At 1 April 2022	68	67
Acquisition of Catalyst Housing Limited	8	–
Additions	23	22
At 31 March 2023	**99**	**89**
Amortisation		
At 1 April 2022	37	36
Charge for the year	14	11
At 31 March 2023	**51**	**47**
Net book value		
At 31 March 2023	**48**	**42**
At 31 March 2022	31	31

14. Tangible fixed assets – Housing

Tangible fixed assets are stated at historical cost less accumulated depreciation and impairment losses. The cost of housing properties is their purchase price together with any costs of acquisition, including the incidental costs of development, interest capitalised up to the date of practical completion and directly attributable development costs.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised.

Costs of responsive repairs and planned cyclical maintenance are, to the extent that such costs do not relate to replacing a component, recognised in the Statement of Comprehensive Income as incurred.

Shared ownership

Shared ownership properties under development are split proportionately between current and fixed assets based on the current element relating to expected first tranche sales. The first tranche portion is classed as a current asset until sold. Sales proceeds are then included in turnover. The unsold balance is classed as a fixed asset with any subsequent sale treated as a disposal of the fixed asset.

Depreciation of assets

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

General structure	100 years
Boiler	15 years
Mechanical systems	30 years
Roofs – flat	25 years
Roofs – pitched	60 years
Kitchen	20 years
Lift	25 years
Bathroom	25 years
Electrics	30 years
Windows and doors	30 years

Components and their useful lives are reviewed periodically to ensure they are still appropriate and benchmarking is carried out with other housing associations to ensure they are in line with sector good practice.

Depreciation is not charged on land and shared ownership assets.

Impairment of assets

The housing property portfolio for the Group is assessed for indicators of impairment at each reporting date. Where indicators are identified a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated with the recoverable amounts. The carrying amount is taken to be cost less accumulated depreciation, net of amortised grant. The recoverable amount is taken to be the higher of fair value less costs to sell or value in use in respect of their service potential ('VIU SP'). For social housing assets, Existing use value for social housing (EUV-SH) is used as a measure for fair value, and depreciated replacement cost ('DRC') is an appropriate measure of VIU SP. EUV-SH is calculated by a qualified valuer as the net present value of future rental streams, net of costs, discounted at an appropriate rate. DRC is calculated by reference to the current average build cost on similar units (taking into account size, type and location) on recent schemes.

An impairment loss is recognised in the Statement of Comprehensive Income. If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognised immediately in the Statement of Comprehensive Income.

The Group defines cash generating units based on type of property, tenure and location. Where the recoverable amount of an asset or cash generating unit is lower than its carrying value, an impairment is recognised in the Statement of Comprehensive Income.

14. Tangible fixed assets – Housing continued

Group	Completed properties: Housing properties held for letting £m	Completed properties: Shared ownership housing properties £m	Properties under construction: Housing properties held for letting £m	Properties under construction: Shared ownership housing properties £m	Total £m
Cost					
At 1 April 2022	6,439	729	615	334	8,117
Arising on acquisition of Catalyst Housing Group (note 34)	2,547	655	113	65	3,380
Additions	179	–	249	188	616
Disposals	(14)	(47)	–	–	(61)
Schemes completed	374	171	(374)	(171)	–
Transfer of tenure	(12)	(5)	19	(75)	(73)
At 31 March 2023	**9,513**	**1,503**	**622**	**341**	**11,979**
Depreciation					
At 1 April 2022	767	5	–	–	772
Charge for year	122	–	–	–	122
Disposals	(5)	–	–	–	(5)
Transfer of tenure	(6)	–	6	–	–
At 31 March 2023	**878**	**5**	**6**	**–**	**889**
Impairment					
At 1 April 2022	4	–	5	–	9
Charge for the year	–	–	–	1	1
At 31 March 2023	**4**	**–**	**5**	**1**	**10**
Net book value					
At 31 March 2023	**8,631**	**1,498**	**611**	**340**	**11,080**
At 31 March 2022	5,668	724	610	334	7,336

Development and major works additions and improvements to housing properties during the year include capitalised interest of £44m (2022: £31m).

A number of potential indicators for impairment were assessed during the year and £1m impairment charges were deemed necessary (2022: £nil).

On the acquisition of Catalyst Housing Group, Peabody Group carried out a valuation on the completed housing properties portfolio acquired, using that amount as the fair value. Peabody engaged JLL Valuers Limited to value housing properties on an EUV-SH basis. As a result of the acquisition, £1,187m of grant was transferred to reserves and becomes a contingent liability. When the property the grant relates to has been disposed of or ceases to be used for social housing purposes, the contingent liability is transferred to the recycled capital grant fund as a liability and a cost of disposal in the Statement of Comprehensive Income.

14. Tangible fixed assets – Housing continued

Properties held for security

Peabody Trust had 31,751 (2022: 31,013) properties with a net book value of £3,402m (2022: £3,083m) and EUV-SH of £3,155m (2022: £2,977m) pledged as security.

	Completed properties		Properties under construction		
Peabody	Housing properties held for letting £m	Shared ownership housing properties £m	Housing properties held for letting £m	Shared ownership housing properties £m	Total £m
Cost					
At 1 April 2022	5,545	654	431	30	6,660
Additions	110	–	142	9	261
Disposals	(7)	(29)	–	–	(36)
Completed schemes in year	165	2	(165)	(2)	–
Transfers	3	1	–	–	4
Transfer between subsidiaries	63	98	–	(30)	131
At 31 March 2023	**5,879**	**726**	**408**	**7**	**7,020**
Depreciation					
At 1 April 2022	668	5	–	–	673
Charge for the year	73	–	–	–	73
Disposals	(3)	–	–	–	(3)
At 31 March 2023	**738**	**5**	**–**	**–**	**743**
Impairment					
At 1 April 2022	4	–	5	–	9
Completed schemes in year	1	–	(1)	–	–
At 31 March 2023	**5**	**–**	**4**		**9**
Net book value					
At 31 March 2023	**5,136**	**721**	**404**	**7**	**6,268**
At 31 March 2022	4,873	649	426	30	5,978

Development and major works additions and improvements to housing properties during the year include capitalised interest of £11m (2022: £8m). Additions to fixed assets include expenditure and major repairs costs of £103m (2022: £91m).

15. Other tangible fixed assets

Other tangible fixed assets are included at cost less depreciation, which is provided on a straight-line basis over the expected useful economic lives of the assets as shown below.

Renewable energy assets	10–25 years
Freehold land and buildings	50 years
Leasehold office premises	Remaining life of lease
Other	3–25 years

Expected useful lives are reviewed periodically to ensure they are still appropriate and benchmarking is carried out with other housing associations to ensure they are in line with sector good practice. Assets which are no longer economically viable are written down as appropriate.

Group	Freehold offices £m	Leasehold £m	Renewable energy £m	Other £m	Total £m
Cost					
At 1 April 2022	64	3	12	51	130
Arising on acquisition of Catalyst Housing Group	6	1	–	1	8
Additions	1	2	2	6	11
At 31 March 2023	**71**	**6**	**14**	**58**	**149**
Depreciation					
At 1 April 2022	15	1	1	25	42
Charge for the year	2	–	1	4	7
At 31 March 2023	**17**	**1**	**2**	**29**	**49**
Net book value					
At 31 March 2023	**54**	**5**	**12**	**29**	**100**
At 31 March 2022	49	2	11	26	88

Peabody	Freehold offices £m	Leasehold £m	Renewable energy £m	Other £m	Total £m
Cost					
At 1 April 2022	35	1	3	48	87
Additions	1	–	2	4	7
At 31 March 2023	**36**	**1**	**5**	**52**	**94**
Depreciation					
At 1 April 2022	11	1	–	14	26
Charge for the year	1	–	–	4	5
At 31 March 2023	**12**	**1**	**–**	**18**	**31**
Net book value					
At 31 March 2023	**24**	**–**	**5**	**34**	**63**
At 31 March 2022	24	–	3	34	61

16. Investment properties

Investment properties include commercial properties, properties held for market rent and leasehold land.

Investment property is carried at fair value determined annually by external experts (Savils, JLL and CBRE) and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income. Completed Market Rent Properties are valued at Market Value Subject to Tenancy.

	Completed properties		Properties under construction		
Group	Commercial £m	Market rent £m	Commercial £m	Leasehold land £m	Total £m
At 1 April 2022	229	177	91	20	517
Arising on acquisition of Catalyst Housing Group	14	3	–	–	17
Additions	4	8	17	–	29
Losses on revaluation	(48)	(2)	–	–	(50)
Completions	49	–	(49)	–	–
Transfers to tangible fixed assets	(6)	(3)	5	–	(4)
At 31 March 2023	**242**	**183**	**64**	**20**	**509**

	Completed properties			
Peabody	Commercial £m	Market rent £m	Leasehold land £m	Total £m
At 1 April 2022	86	140	12	238
Additions	4	1	–	5
Losses on revaluation	(21)	(2)	–	(23)
Completions	49	–	–	49
Transfers to tangible fixed assets	(5)	(3)	–	(8)
At 31 March 2023	**113**	**136**	**12**	**261**

17. Other investments

	Group 2023 £m	**Peabody 2023 £m**	Group 2022 £m	Peabody 2022 £m
Investment in subsidiary undertakings	**–**	**115**	–	115
Deposit investments	**6**	**6**	5	5
Other investments	**2**	**2**	1	1
At 31 March	**8**	**123**	6	121

18. Homebuy loans receivable

Concessionary loans are loans made by the Group that are:

- to further its public benefit objective;
- at a rate of interest which is below the prevailing market rate of interest
- repayable on demand.

The Group considers Homebuy loans and equity loans under the Starter Homes initiative to be concessionary loans.

Under the Homebuy scheme, the Group received Social Housing Grant representing a percentage of the open market purchase price of a property in order to advance interest-free loans to a homebuyer. These loans are measured at the amount advanced at the inception of the loan less amounts received and any provisions for impairment. Any associated grant is recognised as deferred income (Homebuy Grant) until the loan is redeemed.

	Group 2023 £m	**Peabody 2023 £m**	Group 2022 £m	Peabody 2022 £m
At 1 April	**4**	**–**	4	–
Arising on acquisition of Catalyst Housing Group	**74**	**–**	–	–
Redemptions	**(4)**	**–**	–	–
Transfer from Group entities	–	**4**	–	–
At 31 March	**74**	**4**	4	–

19 Starter Homes initiative investment

Loans have been made to homeowners as part of the Group's social housing objectives. These are at below market rates of interest and are repayable on demand and so qualify for treatment as public benefit concessionary loans under FRS 102.

Starter home loans are repaid upon re-sale of the properties by the owners.

	Group 2023 £m	**Peabody 2023 £m**	Group 2022 £m	Peabody 2022 £m
At 1 April	**5**	**5**	5	5
Redemptions in the year	**(2)**	**(2)**	–	–
At 31 March	**3**	**3**	5	5

20. Investment in joint ventures

An entity is treated as a jointly controlled entity where the Group is party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control by virtue of voting rights or degree of influence exercisable.

In the consolidated accounts, interests in jointly controlled entities are accounted for using the equity method of accounting. Under this method, an equity investment is initially recognised at the transaction price and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income, and the equity of the jointly controlled entities.

	2023								
	Gillender 2 LLP 2023 £m	Vulcan Wharf Holdings LLP 2023 £m	Thamesmead Waterfront LLP 2023 £m	Water meadow LLP 2023 £m	St John's Hill Ph03 LLP 2023 £m	Friary Park 1 – 3LLP 2023 £m	Merton Catalyst LLP 2023 £m	Total 2023 £m	Total 2022 £m
At 1 April 2022	7	35	2	–	–	–	–	44	40
Arising on acquisition of Catalyst Housing Group	–	–	–	–	–	5	31	36	–
Investment	–	1	–	8	4	11	–	24	3
Share of profits/(loss)	4	(6)	–	–	–	–	11	9	1
Equity repaid	(7)	–	–	–	–	–	(31)	(38)	–
Dividend	(4)	–	–	–	–	–	–	(4)	–
As at 31 Mar 2023	–	30	2	8	4	16	11	71	44

Summary of joint venture holdings is as follows:

Jointly controlled entity	Partner(s)	Group interest	Group voting rights
Gillender 2 LLP	Mount Anvil Holdings Limited	50% through Peabody Developments Limited	50% through Peabody Developments Limited
Vulcan Wharf Holdings LLP	London Square Limited	50% through Peabody Developments Limited	50% through Peabody Developments Limited
Vulcan Wharf Limited	London Square Limited	50% through Peabody Developments Limited	50% through Peabody Developments Limited
Thamesmead Waterfront LLP	Lendlease Thamesmead Development LLP	50% through Peabody Waterfront Limited	50% through Peabody Waterfront Limited
Watermeadow LLP	Mount Anvil Holdings Limited	50% through Peabody Developments Limited	50% through Peabody Developments Limited
St John's Hill Ph03 LLP	Mount Anvil SJH Limited	50% through Peabody Developments Limited	50% through Peabody Developments Limited
Friary Park 1 LLP	Mount Anvil (Friary Park 1) Limited	50% through Catalyst by Design Limited	50% through Catalyst by Design Limited
Friary Park 2 LLP	Mount Anvil (Friary Park 2) Limited	50% through Catalyst by Design Limited	50% through Catalyst by Design Limited
Friary Park 3 LLP	Mount Anvil (Friary Park 3) Limited	50% through Catalyst by Design Limited	50% through Catalyst by Design Limited
Merton Catalyst LLP	Merton Acquisitions Limited	50% through Catalyst Developments (Wimbledon) Limited	50% through Catalyst Developments (Wimbledon) Limited
One to Four Brentford LLP	Telford Homes Limited	50% through Catalyst by Design Limited	50% through Catalyst by Design Limited
MDP Trinity LLP	Mace Limited and DV4 415 Limited	50% through Peabody Developments Limited	50% through Peabody Developments Limited
Alperton Waterside LLP	London Square Limited	50% through Peabody Developments Limited	50% through Peabody Developments Limited

Peabody Group entered into five new joint ventures in the year: Watermeadow LLP, St John's Ph03 LLP, Alperton Waterside, One to Four Brentford LLP, and MDP Trinity LLP.

The Group has acquired four joint venture entities: Friary Park 1 to 3 LLP, and Merton Catalyst LLP following the acquisition of Catalyst Housing Group. The investment in the acquired entities is held at cost less impairment.

Gillender 2 LLP, Dee Park Partnership LLP, and Merton Catalyst LLP reached practical completion during the year and are in returning funds to the partners.

21. Debtors due in more than one year

	Group 2023 £m	Peabody 2023 £m	Group 2022 £m	Peabody 2022 £m
Amounts owed by subsidiary undertakings	**–**	**1,223**	–	1,227
Other debtors and prepayments	**56**	**–**	102	–
	56	**1,223**	102	1,227

Amounts owed to Peabody by subsidiary undertakings relate to intercompany loans which are secured by fixed or floating charges over the assets of the subsidiaries. The loans are due for repayment between 5 and 30 years and bear interest at a rate determined by reference to Peabody's weighted average cost of capital at the time of each draw down.

22. Stock

Stocks include work in progress, properties held for sale and other inventory.

Stocks are stated at the lower of cost and net realisable value, being selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include costs of labour and attributable overheads.

At each reporting date, stocks are assessed for write down. If stock is written down, the carrying amount is reduced to its selling price less costs to complete and sell. The loss is recognised immediately in the Statement of Comprehensive Income.

Properties held for sale represents the costs of land held for development, outright sales units and the first tranche proportion of shared ownership units of development schemes currently under construction and commercial properties held for sale.

Impairment reviews are carried out on an annual basis to compare cost and net realisable value. Where necessary write downs are charged to the Statement of Comprehensive Income.

	Group 2023 £m	Peabody 2023 £m	Group 2022 £m	Peabody 2022 £m
Work in progress	**401**	**–**	411	–
Properties held for sale	**68**	**2**	53	–
	469	**2**	464	–

23. Debtors due in less than one year

Trade and other debtors are measured at transaction price less any provision for impairment. The Group estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts where there is a risk of non-recovery. Former tenants' rent arrears are provided for in full while current tenants' rent arrears are provided for based on the risk associated with the type of tenancy.

Loans receivable, including concessionary loans, are measured initially at fair value net of transaction costs, and are measured subsequently at amortised cost using the effective interest method less any impairment. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

	Group 2023 £m	Peabody 2023 £m	Group 2022 £m	Peabody 2022 £m
Rent and service charges in arrears	**69**	**42**	43	39
Less: provision for rent and service charge bad debts	**(33)**	**(22)**	(24)	(23)
Amount owed by subsidiary undertakings	**–**	**56**	–	24
Other debtors and prepayments	**116**	**31**	56	30
Less: provision for other bad debts	**(7)**	**(4)**	(6)	(4)
	145	**103**	69	66

24. Creditors: amounts falling due within one year

	Group 2023 £m	Peabody 2023 £m	Group 2022 £m	Peabody 2022 £m
Trade creditors	**20**	**13**	21	15
Recycled capital grant fund (note 27)	**36**	**6**	13	12
Amounts owed to subsidiary undertakings less than one year	**–**	**170**	–	16
Other taxation and social security costs	**4**	**3**	4	4
Accruals and other creditors	**339**	**151**	226	135
Debt falling due within one year (note 28)	**108**	**19**	22	21
	507	**362**	286	203

25. Creditors: amounts falling due after more than one year

	Group 2023 £m	Peabody 2023 £m	Group 2022 £m	Peabody 2022 £m
Grants (note 26)	**1,894**	**1,481**	1,677	1,461
Recycled capital grant fund (note 27)	**42**	**18**	16	13
Debt falling due after one year (note 28)	**4,623**	**1,802**	3,095	1,705
Amounts owed to subsidiary undertakings (note 28)	**–**	**1,254**	–	1,252
Deferred consideration	**–**	**15**	–	16
Other creditors	**39**	**40**	42	38
	6,598	**4,610**	4,830	4,485

26. Grants

Government grant (known as Social Housing Grant) is received from Homes England and the GLA to help finance the development of new homes, including land costs.

Government grants are accounted for under the accruals model for assets measured at cost and under the performance model for assets measured at valuation.

Under the accruals model, grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants received in relation to assets that are presented at deemed cost at the date of transition to FRS 102 have been accounted for using the performance model as required by SORP 2018. In applying this model, such grant has been presented as if it were originally recognised as income within the Statement of Comprehensive Income in the year it was receivable and is therefore included within brought forward reserves.

Grants received from non-government sources are recognised using the performance model. Under the performance model, grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income when the future performance condition has been satisfied. Grants received before the future performance condition has been satisfied are recognised as a liability in the Statement of Financial Position.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

26. **Grants** continued

Grant amortisation for Group of approximately £14m and Peabody of approximately £14m is expected to be charged in 2023/24.

Group	Government grants £m	Other grants £m	Total £m
Cost			
At 1 April 2022	1,820	48	1,868
Arising on acquisition of Catalyst	178	–	178
Grants received in the year	40	5	45
Grants repaid	(3)	–	(3)
Grants transferred from RCGF	20	1	21
Homebuy redemption	(3)	–	(3)
Grants recycled on disposals	(13)	–	(13)
At 31 March 2023	**2,039**	**54**	**2,093**
Amortisation			
At 1 April 2022	191	–	191
Amortisation for the year	14	–	14
Unwinding following disposal	(6)	–	(6)
At 31 March 2023	**199**	**–**	**199**
Net grants			
At 31 March 2023	**1,840**	**54**	**1,894**
At 31 March 2022	1,629	48	1,677

Peabody	Government grants £m	Other grants £m	Total £m
Cost			
At 1 April 2022	1,616	23	1,639
Grants received in the year	35	4	39
Grants transferred from RCGF	5	–	5
Grants transferred from subsidiaries	(12)	5	(7)
Grants recycled on disposals	(3)	–	(3)
At 31 March 2023	**1,641**	**32**	**1,673**
Amortisation			
At 1 April 2022	178	–	178
Amortisation for the year	14	–	14
At 31 March 2023	**192**	**–**	**192**
Net grants			
At 31 March 2023	**1,449**	**32**	**1,481**
At 31 March 2022	1,438	23	1,461

27. Recycled capital grant fund

On disposal of relevant housing properties, any social housing grant applied to that property is allowed to be retained for eligible reinvestment. This amount is disclosed separately within creditors. If unused within a three-year period, it will be repayable to Homes England or Greater London Authority with interest.

	Group 2023 £m	**Peabody 2023 £m**	Group 2022 £m	Peabody 2022 £m
At 1 April	**29**	**25**	27	23
Acquisition	**54**	**–**	–	–
Grant recycled	**15**	**4**	7	7
Interest accrued	**2**	**1**	–	–
Repayment of RCGF	**(1)**	**(1)**	–	–
Withdrawals – schemes started on site	**(21)**	**(5)**	(5)	(5)
At 31 March	**78**	**24**	29	25

£29m (2022: £13m) of recycled capital grant fund for the Group and £6m for Peabody (2022: £12m) is repayable in the 12 months from 1 April 2023 if not used for new development.

28. Financial instruments

Borrowing

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest.

Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Bank loans are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method. Where loans and other financial instruments are redeemed during the year, any redemption penalty is recognised in the Statement of Comprehensive Income in the year in which redemption takes place. The initial costs relating to raising finance are amortised over the period of the loan.

Catalyst Housing Group loans were revalued at fair value as defined by section 11 of FRS 102 as at the date of acquisition, 1 April 2022. The fair value impacts Group only (see note 34).

Non-utilisation fee

Lending arrangements exist between Peabody (as borrower) and Peabody Capital plc and Peabody Capital No 2 plc (as lenders) in relation to the 2034, 2043, 2048 and 2053 bond issues to facilitate the lending of proceeds from the bonds into the Group. These arrangements contain a provision ('non-utilisation fee') for the lenders to recover from the borrower the difference between the interest payable to the 2034, 2043, 2048 and 2053 bond investors and the income realised by the lenders. This income comprises the interest receivable from amounts on-lent to Peabody and investment income earned from permitted investments and bank deposits.

28. **Financial instruments** continued

(A) Value of debt

	Group 2023 £m	**Peabody 2023 £m**	Group 2022 £m	Peabody 2022 £m
Nominal value				
Bank and building society loans	**2,326**	**1,613**	1,614	1,581
Private placement senior notes	**433**	**215**	155	155
Amounts owned to subsidiary undertaking	**–**	**1,253**	–	–
2034 Sustainable Bond	**350**	**–**	344	–
2043 Bond	**200**	**–**	207	–
2048 Bond	**350**	**–**	341	–
2053 Bond	**350**	**–**	359	–
Catalyst Bond 2048	**400**	**–**	–	–
TCH Bond 2045	**80**	**–**	80	–
	4,489	**3,081**	3,100	2,990

	Group 2023 £m	**Peabody 2023 £m**	Group 2022 £m	Peabody 2022 £m
Carrying value				
Bank and building society loans	**2,339**	**1,616**	1,620	1,581
Private placement senior notes	**433**	**215**	155	155
Amounts owed to subsidiary undertaking	**–**	**1,254**	–	1,254
2034 Sustainable Bond	**344**	**–**	344	–
2043 Bond	**206**	**–**	207	–
2048 Bond	**341**	**–**	341	–
2053 Bond	**359**	**–**	359	–
Catalyst Bond 2048	**430**	**–**	–	–
TCH Bond 2045	**102**	**–**	103	–
Fair value adjustments (bank loans)	**176**	**–**	–	–
Fair value adjustments (private placements)	**10**	**–**	–	–
Fair value adjustments (bonds)	**8**	**–**	–	–
	4,748	**3,085**	3,129	2,990
Unamortised issue costs				
Bank and building society loans	**(17)**	**(10)**	(12)	(12)
Net carrying value	**4,731**	**3,075**	3,117	2,978

(B) Maturity of debt

	Group 2023 £m	**Peabody 2023 £m**	Group 2022 £m	Peabody 2022 £m
Within one year	**108**	**19**	22	21
Between one and two years	**130**	**96**	79	79
Between two and five years	**925**	**707**	348	309
After five years	**3,585**	**2,263**	2,680	2,581
	4,748	**3,085**	3,129	2,990
Issue costs	**(17)**	**(10)**	(12)	(12)
	4,731	**3,075**	3,117	2,978

28. Financial instruments continued

(C) Interest analysis

	Group 2023 £m	Peabody 2023 £m	Group 2022 £m	Peabody 2022 £m
Fixed	**3,675**	**2,404**	2,265	2,273
Floating	**1,056**	**671**	864	717
	4,731	**3,075**	3,129	2,990

Derivative financial instruments

Movements in fair value adjustments are recognised in other comprehensive income as far as they relate to the effective part of the swap and presented in a separate cash flow hedge reserve.

Where the Group hedges its exposure to variability in cash flows that (i) is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and (ii) could affect profit or loss, the hedging relationship is designated as a cash flow hedge.

	Group 2023 £m	Peabody 2023 £m	Group 2022 £m	Peabody 2022 £m
At 1 April	**–**	**–**	–	–
Arising on acquisition of Catalyst Housing Group	**(14)**	**–**	–	–
Change in fair value recognised in the surplus for the year	**4**	**–**	–	–
Change in fair value charged to cash flow hedging reserve	**6**	**–**	–	–
At 31 March	**(4)**	**–**	–	–

On the acquisition of Catalyst Housing Group, derivative financial instruments were transferred into the Group at fair value. Peabody Group did not have any standalone financial instruments prior to the merger, and therefore there are no comparatives.

Interest rate swap contracts entered into have a weighted average interest rate of 3.9% (2022: 3.9%) with a weighted average maturity of 7 years (2022: 19 years) due to the short-dated nature of new swap contracts. The notional balance at 31 March 2023 was £150m (2022: £30m), all in designated hedge relationships.

Bank and building society loans

The Group's bank and building society loans are secured by specific charges over housing properties (note 14). The borrowings bear charges of between 0.44% (plus SONIA) and 11.5% and are repayable in instalments as disclosed in (B) above.

Bonds

The Group's bonds are also secured by specific charges over housing properties. The Bonds bear charges between 2.75% and 5.25%.

Amounts owed to subsidiary undertaking

Peabody Capital plc has made a loan to Peabody with a nominal value of £200m repayable in March 2043. The loan incurs an interest charge of 5.25% per annum, paid semi-annually. Peabody Capital No 2 plc has issued three (2022: three) loans of £350m each to Peabody repayable in March 2023, December 2048 and December 2053. The loans incur interest charges of 2.75%, 3.25% and 4.625% respectively, paid semi-annually.

Peabody Community Foundation has made a loan to Peabody with a nominal value of £4m in March 2020. Peabody Trust is investing the loan into a deposit account to accumulate interest on behalf of Peabody Community Foundation. The deposit account currently receives interest of 0.85% per annum and Peabody pays this directly to Peabody Community Foundation.

Risks

The main risks associated with the Group's borrowings are interest rate and liquidity risk. The Finance and Treasury Committee reviews and agrees policies for managing these risks which are summarised below:

- Interest rate risk – The Group regularly reviews its policy on the proportion of debt that should be held at fixed and floating interest rates
- Liquidity risk – Liquidity risk is the risk that the Group might be unable to meets its financial obligations. Expected cash flows from financial assets, in particular its cash resources and trade receivables, are used by the directors in assessing and managing liquidity risk.

At 31 March 2023 the Group had total undrawn, fully secured facilities of £1,608m (2022: £1,502m) of which £985m is immediately available and £100m retained bonds available to issue. Other secured facilities accessible include deferred private placement, bank funding and private placement shelf facility. A further £125m of facility was undergoing the charging process as at 31 March 2023. The Group had cash of £141m (2022: £125m).

29. Provisions for liabilities and charges

A provision is recognised when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

In relation to the landfill site and other assets of the Group, expenditure will be required for the foreseeable future in order for the Group to fulfil its legal obligations.

	Deferred tax liability £m	Other £m	Group Total £m	Peabody Total £m
At 1 April 2022	19	16	35	–
Increase/(decrease) in provision during the year	(7)	–	(7)	–
At 31 March 2023	**12**	**16**	**28**	**–**

Deferred tax liabilities relate to changes in value of investment property (note 16).

The other brought forward provision relates to future maintenance obligations in respect of property and landfill sites owned by Tilfen Land Limited.

30. Pension liabilities

The Group currently operates both defined contribution and defined benefit schemes for qualifying employees.

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution benefit plans are recognised as an expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted.

Regular valuations are prepared by independent, professionally qualified actuaries. These determine the level of contributions required to fund the benefits set out in the rules of the fund and allow for the periodic increase of pensions in payment. The current service cost of providing retirement benefits to employees during the year, together with the cost of any benefits relating to past service, cost of curtailments and settlements, are charged against the operating surplus in the year. Actuarial gains and losses are recognised in the Statement of Comprehensive Income.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period, are also recognised in the Statement of Comprehensive Income.

Where the defined benefit pension schemes have been valued as a net pension asset, we have capped the fair value of the plan assets so that the overall position is £nil.

The Group participates in following defined benefit schemes:

London Pensions Fund Authority Scheme ('LPFA')

The Group participates in the LPFA for those former Peabody employees who elected to join prior to 31 March 2008. The scheme had been closed to new entrants for some time, and was closed to future accrual on 31 March 2020. The Group has granted a charge on (non-social housing) assets in favour of the scheme trustees, in consideration of which the debt on cessation has not been triggered. The pension cost for this scheme, which includes liability for pension increases, has been determined in accordance with the advice of professionally qualified consulting actuaries based on an actuarial valuation made as at 31 March 2019. In 2023, the Group's total LPFA service cost was £31,000 (2022: £nil).

Social Housing Pension defined benefit scheme ('SHPS')

The scheme is also closed to future accrual and was closed to active members on 31 March 2015. The debt on cessation has not been triggered because the Group has contributing members to the SHPS defined contribution scheme.

Local Government Pensions Schemes ('LGPS')

The Group participates in four LGPS: Hammersmith and Fulham, Hackney, Kent and Surrey.

Ealing Family Housing Association Pension Scheme ('EFHAPS')

The pension scheme was closed to future members with effect from 31 March 2007.

TPT Retirement Solution's Growth Plan ('The Plan')

The Plan is for voluntary contributions. The Plan is a funded multi-employer pension plan. The Plan is in deficit and the company has recognised a liability of £8k (2022: £13k).

TPT Retirement Solution's CARE Scheme ('CARE')

Until 31 March 2016, Peabody Community Foundation also participated in TPT Retirement Solution's CARE Scheme, which is a funded multi-employer defined benefit scheme. The overall provision of the scheme at 31 March 2022 is £209k (2022: £263k). Further details of this fund can be found in the Peabody Community Foundation Annual Report.

30. Pension liabilities continued

Peabody Group schemes summary

In October 2018 the High Court published its judgement on the case of Lloyds Banking Group and the equalisation of Guaranteed Minimum Pensions ('GMP') between genders. This has consequently been assessed against the Group's defined benefit schemes. The impact of GMP equalisation in respect of the LPFA, SHPS, EFHAPS and CARE schemes has been recognised in previous financial years. On 23 March 2021, the government published the outcome to its Guaranteed Minimum Pension Indexation consultation, concluding that all public service pension schemes, including the LGPS, will be directed to provide full indexation to members with a GMP reaching State Pension age (SPA) beyond 5 April 2021. This is a permanent extension of the existing 'interim solution' that has applied to members with a GMP reaching SPA on or after 6 April 2016.

The valuation assumption for GMP is that the schemes will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, we have assumed that the schemes will be required to pay the entire inflationary increase. Therefore, our assumption is consistent with the consultation outcome and no further adjustments to the value placed on the liabilities was required in 2022/23.

The Lloyds Banking Group court case involved a ruling that, in cases where a member exercised their right to a transfer value out of the scheme, the trustee had the duty to make a transfer payment that reflects the member's right to equalised benefits and remains liable if an inadequate transfer payment had been paid. It is not yet known if, or how, this will affect our schemes and no allowances have currently been made.

The participating employers of the SHPS scheme have been notified that the Trustee of the SHPS Scheme have performed a review of the changes made to the SHPS Scheme's benefits over the years and that that there is uncertainty surrounding some of these changes. The SHPS's Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of SHPS Scheme liabilities, but until Court directions are received. No adjustment has been made in these financial statements in respect of this potential issue.

In December 2018 the Court of Appeal ruled the 'transitional arrangements' protection in respect of benefit changes to the Judicial and Firefighters Pension Scheme amounted to unlawful discrimination ('McCloud case'). This applies to each of the Local Government Pension Schemes, including LPFA. The consultation closed on 8 October 2020 and a ministerial statement in response to this was published on 13 May 2021, however a full response to the consultation is still awaited. The impact of the findings will only be known after this process has concluded and a final set of remedial Regulations are published.

While an appropriate McCloud allowance has been measured to obtain the accounting results as at 31 March 2022, we do not believe there are any material differences between the approach underlying the estimated allowance and the proposed remedy. With a small proportion of active members and a salary increase assumption equal to (or less than) CPI, the impact of the McCloud judgement is likely to be negligible.

Following a case involving the Teachers' Pension scheme, known as the Goodwin case, differences between survivor benefits payable to members with same-sex or opposite-sex survivors have been identified within a number of public sector pension schemes. As a result, the government has confirmed that a remedy is required in all affected public sector pension schemes, which includes the LPFA, SHPS and LPGS. As this case has only recently been announced, there is not a current accurate indication of the potential impact this may have on the value of employers' liabilities or the cost of the scheme.

Group	EFHAPS £m	LPFA £m	SHPS £m	LGPS £m	Total £m
Present value of the defined benefit obligation	42	142	126	30	340
Fair value of the fund assets (bid value)	(42)	(142)	(103)	(30)	(317)
Present value of provisions	**–**	**–**	**23**	**–**	**23**
Pension scheme actuarial (loss)/gain	(6)	53	(2)	3	48

Peabody	LPFA £m	SHPS £m	LGPS £m	Total £m
Present value of the defined benefit obligation	141	86	7	234
Fair value of the fund assets (bid value)	(141)	(70)	(7)	(218)
Present value of provisions	**–**	**16**	**–**	**16**
Pension scheme actuarial gain/(loss)	53	(1)	(1)	51

30. **Pension liabilities** continued

LPFA Defined Benefit Scheme

The pension cost for the Group's and Peabody's share of the LPFA, which includes liability for pension increases, has been determined in accordance with the advice of professionally qualified consulting actuaries based on an actuarial valuation every 3 years. The most recent valuation was as at 31 March 2022. These figures are prepared in accordance with our understanding of FRS 102.

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2023 is 1.31% (2022: 15.5%). The actual return on Fund assets over the year may be different.

The estimated asset allocation for the scheme as at 31 March is as follows:

	Group 2023 £m	**Peabody 2023 £m**	Group 2022 £m	Peabody 2022 £m
Equities	**85**	**84**	85	83
Target return portfolio	**27**	**27**	32	32
Infrastructure	**19**	**18**	15	15
Property	**11**	**12**	13	13
Cash	**–**	**–**	4	4
Total assets	**142**	**141**	149	147

The major assumptions used by the actuary to value the liabilities of the scheme at 31 March under FRS 102 are:

% per annum	**Peabody 2023**	**Peabody Community Foundation 2023**	Peabody 2022	Peabody Community Foundation 2022
RPI increases	**3.3%**	**3.3%**	3.6%	3.6%
CPI increases	**2.9%**	**2.9%**	3.2%	3.2%
Salary increases	**2.9%**	**3.9%**	3.2%	4.2%
Pension increases	**2.9%**	**2.9%**	3.2%	3.2%
Discount rate	**4.8%**	**4.8%**	2.7%	2.7%

The demographic assumptions for the LPFA are consistent with those used for the most recent fund valuation. The post-retirement mortality tables adopted were based on the Club Vita mortality analysis. These base tables are then projected using the CMI 2021 model, allowing for a long-term rate of improvement of 1.25% per annum, smoothing parameter of 7.0, an initial addition parameter of 0% per annum and a 2021 weighting of 5%.

The assumed life expectations are:	**Peabody 2023**	**Peabody Community Foundation 2023**	Peabody 2022	Peabody Community Foundation 2022
Retiring today – male	**86.0**	**87.3**	86.8	87.1
Retiring today – female	**88.8**	**89.3**	89.1	89.8
Retiring in 20 years – male	**87.2**	**86.4**	87.9	87.1
Retiring in 20 years – female	**90.3**	**88.5**	90.8	89.5

Statement of Financial Position in relation to the LPFA as at 31 March:	**Group 2023 £m**	**Peabody 2023 £m**	Group 2022 £m	Peabody 2022 £m
Present value of the defined benefit obligation	**142**	**141**	200	198
Fair value of fund assets (bid value)	**(142)**	**(141)**	(149)	(147)
Net defined benefit liability	**–**	**–**	51	51

Notes to the financial statements continued

30. Pension liabilities continued

Reconciliation of LPFA's opening and closing balances of the present value of the defined benefit obligation	**Group 2023 £m**	**Peabody 2023 £m**	Group 2022 £m	Peabody 2022 £m
Opening defined benefit obligation	**200**	**198**	214	212
Interest cost	**5**	**5**	4	4
Change in financial assumption	**(66)**	**(65)**	(14)	(14)
Change in demographic assumption	**(6)**	**(6)**	–	–
Experience loss/(gain) on defined benefit obligation	**14**	**14**	1	1
Estimated benefits paid net of transfer in	**(5)**	**(5)**	(5)	(5)
Closing defined benefit obligation	**142**	**141**	200	198

Reconciliation of LPFA's opening and closing balances of the fair value of fund assets	**Group 2023 £m**	**Peabody 2023 £m**	Group 2022 £m	Peabody 2022 £m
Opening fair value of assets	**149**	**147**	135	133
Interest on assets	**4**	**4**	2	2
Return on assets less interest	**(2)**	**(2)**	18	17
Other actuarial losses	**(3)**	**(2)**	(1)	–
Estimated benefits paid plus unfunded net of transfer in	**(6)**	**(6)**	(5)	(5)
Closing fair value of assets	**142**	**141**	149	147
Actual return on assets	**18**	**18**	20	20

Amounts recognised in the Statement of Comprehensive Income in relation to LPFA are:	**Group 2023 £m**	**Peabody 2023 £m**	Group 2022 £m	Peabody 2022 £m
Net interest on the defined benefit liability	**1**	**1**	2	2
Total cost	**1**	**1**	2	2

Amounts recognised in other comprehensive income in relation to LPFA are:	**Group 2023 £m**	**Peabody 2023 £m**	Group 2022 £m	Peabody 2022 £m
Return on Fund assets in excess of interest	**(2)**	**(2)**	16	15
Change in financial assumptions	**66**	**65**	14	14
Other actuarial losses	**(3)**	**(2)**	(1)	–
Change in demographic assumptions	**6**	**6**	–	–
Experience loss on defined benefit obligation	**(14)**	**(14)**	1	1
Actuarial gain recognised in other comprehensive income	**53**	**53**	30	30

SHPS Defined Benefit Scheme

Peabody participates in the Social Housing Pension Scheme (the "SHPS Scheme"), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The SHPS Scheme is classified as a 'last-man standing arrangement'. Therefore, Peabody is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

The last full actuarial valuation for the SHPS Scheme was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. To eliminate this funding shortfall, the trustees and the participating employers agreed a revised deficit funding contribution will be paid from 1 April 2022 with the aim to remove the deficit by 31 March 2028, in combination from all employers, to the scheme. The deficit funding contributions will increase at 5.5% p.a. with the first increase in April 2023. The aggregate deficit payments made by Peabody Group were £5.0m in the year (2022: £3.0m) and for Peabody only they were £3.3m (2022: £3.0m).

30. **Pension liabilities** continued

The estimated asset allocation for the scheme as at 31 March is as follows:

	Group 2023 £m	**Peabody 2023 £m**	Group 2022 £m	Peabody 2022 £m
Global Equity	**2**	**1**	20	20
Absolute Return	**2**	**1**	4	4
Distressed Opportunities	**3**	**2**	4	4
Credit Relative Value	**4**	**3**	3	3
Alternative Risk Premia	**–**	**–**	3	3
Emerging Markets Debt	**1**	**1**	3	3
Risk Sharing	**8**	**5**	3	3
Insurance-Linked Securities	**3**	**2**	2	2
Property	**4**	**3**	3	3
Infrastructure	**12**	**8**	7	7
Private Debt	**4**	**3**	3	3
Opportunistic Illiquid Credit	**4**	**3**	3	3
High Yield	**–**	**–**	1	1
Cash	**1**	**1**	–	–
Corporate Bond Fund	**–**	**–**	7	7
Long Lease Property	**3**	**2**	3	3
Secured Income	**4**	**3**	4	4
Liability Driven Investment	**48**	**32**	28	28
Total assets	**103**	**70**	101	101

The major assumptions used by the actuary to value the liabilities of the scheme at 31 March under FRS 102 are:

% per annum	**Group and Peabody 2023**	Group and Peabody 2022
RPI increases	**3.2%**	3.6%
CPI increases	**2.8%**	3.2%
Salary increases	**3.8%**	4.2%
Discount rate	**4.9%**	2.70%

The demographic assumptions for the SHPS are consistent with those used for the most recent fund valuation, which was carried out as at 30 September 2020. The post-retirement mortality tables adopted are the standard S3PA tables with a multiplier of 104% for males and 109% for females. These base tables are then projected using the CMI 2021 model, allowing for a long-term rate of improvement of 1.25% per annum, smoothing parameter of 7.0, reducing the initial addition parameter to 0.25% per annum for females (maintaining 0.5% per annum for males) and a 2021 weighting of 10%.

The assumed life expectations are:	**Group and Peabody 2023**	Group and Peabody 2022
Retiring today – male	**86.0**	86.1
Retiring today – female	**88.4**	88.7
Retiring in 20 years – male	**87.2**	87.4
Retiring in 20 years – female	**89.9**	90.2

30. Pension liabilities continued

Statement of Financial Position in relation to SHPS as at 31 March:	**Group 2023 £m**	**Peabody 2023 £m**	Group 2022 £m	Peabody 2022 £m
Present value of the defined benefit obligation	**126**	**86**	119	119
Fair value of fund assets (bid value)	**(102)**	**(70)**	(101)	(101)
Net defined benefit liability	**24**	**16**	18	18

Reconciliation of SHPS's opening and closing balances of the present value of the defined benefit obligation	**Group 2023 £m**	**Peabody 2023 £m**	Group 2022 £m	Peabody 2022 £m
Opening defined benefit obligation	**119**	**119**	123	123
Gain on acquisition	**58**	**–**	–	–
Interest cost	**5**	**3**	2	2
Actuarial losses/(gains) due to scheme experience	**2**	**2**	7	7
Actuarial losses/(gains) due to changes in demographic assumptions	**–**	**–**	(2)	(2)
Actuarial losses/(gains) due to changes in financial assumptions	**(53)**	**(35)**	(9)	(9)
Benefits paid and expenses	**(5)**	**(3)**	(2)	(2)
Closing defined benefit obligation	**126**	**86**	119	119

Reconciliation of SHPS's opening and closing balances of the fair value of fund assets	**Group 2023 £m**	**Peabody 2023 £m**	Group 2022 £m	Peabody 2022 £m
Opening fair value of assets	**101**	**101**	98	98
Gain on acquisition	**50**	**–**	–	–
Interest income	**4**	**3**	2	2
Experienced gains on plan assets	**(53)**	**(34)**	–	–
Employer contributions	**5**	**3**	3	3
Benefits paid and expenses	**(4)**	**(3)**	(2)	(2)
Closing fair value of assets	**103**	**70**	101	101
Actual return on assets	**50**	**32**	3	3

Amounts recognised in the Statement of comprehensive income in relation to SHPS are:	**Group 2023 £m**	**Peabody 2023 £m**	Group 2022 £m	Peabody 2022 £m
Net interest on the defined benefit liability	**1**	**–**	–	–
Total cost	**1**	**–**	–	–

Amounts recognised in other comprehensive income in relation to SHPS are:	**Group 2023 £m**	**Peabody 2023 £m**	Group 2022 £m	Peabody 2022 £m
Return on Fund assets in excess of interest	**(53)**	**(34)**	–	–
Change in financial assumptions	**53**	**35**	9	9
Change in demographic assumptions	**–**	**–**	2	2
Experience loss on defined benefit obligation	**(2)**	**(2)**	(7)	(7)
Actuarial (loss)/gain recognised in other comprehensive income	**(2)**	**(1)**	4	4

30. Pension liabilities continued

LGPS Defined Benefit Schemes

The Group participates in four Local Government Pensions Schemes (LGPS): Hammersmith and Fulham, Hackney, Kent and Surrey and all are closed to future members. The LGPS is subject to the regulations of the Local Government Superannuation Scheme. Contributions to each of the LGPS are determined by a qualified actuary on the basis of the valuations, using the projected unit method. A full actuarial valuation of the each of the schemes was carried out at 31 March 2022 by a qualified independent actuary. Contributions to the scheme are made on the advice of the actuary and with the aim of making good the deficit over the remaining working life of the employees.

The estimated asset allocations for all LGPS as at 31 March are as follows:

	Group 2023 £m	Peabody 2023 £m	Group 2022 £m	Peabody 2022 £m
Equities	**17**	**3**	24	8
Bonds	**6**	**2**	5	2
Property	**4**	**2**	4	1
Absolute return	**2**	**–**	2	–
Infrastructure	**1**	**–**	–	–
Total assets	**30**	**7**	35	11

The major assumptions used by the actuary to value the liabilities of the scheme at 31 March under FRS 102 are:

% per annum	Hammersmith & Fulham 2023	Hackney 2023	Kent 2023	Surrey 2023	Hammersmith & Fulham 2022	Hackney 2022	Kent 2022
CPI increases	**3.00%**	**3.00%**	**2.9%**	**3.00%**	3.20%	3.20%	3.2%
Salary increases	**4.00%**	**3.50%**	**3.4%**	**4.00%**	4.20%	3.50%	3.7%
Pension increases	**3.00%**	**3.00%**	**2.9%**	**3.00%**	3.20%	3.20%	3.2%
Discount rate	**4.75%**	**4.75%**	**4.8%**	**4.75%**	2.70%	2.70%	2.7%

The demographic assumptions for all the LGPS are consistent with those used for the most recent fund valuations, which were carried out as at 31 March 2022. The post-retirement mortality tables adopted for Hammersmith & Fulham, Hackney & Surrey were based on the Club Vita mortality analysis. These base tables are then projected using the CMI 2021 model, allowing for a long-term rate of improvement of 1.5% per annum, smoothing parameter of 7.0, an initial addition parameter of 0.25% per annum and a 2021 weighting of 10%.

The post-retirement mortality tables adopted for Kent are the S3PA tables with a multiplier of 110% for males and 115% for females. These base tables are then projected using the CMI 2021 model, allowing for a long-term rate of improvement of 1.25% per annum, smoothing parameter of 7.0, an initial addition parameter of 0% per annum and a 2021 weighting of 5%.

The assumed life expectations are:	Hammersmith & Fulham 2023	Hackney 2023	Kent 2023	Surrey 2023	Hammersmith & Fulham 2022	Hackney 2022	Kent 2022
Retiring today – male	**86.2**	**86.2**	**86.1**	**87.0**	86.4	86.1	86.6
Retiring today – female	**90.0**	**89.6**	**88.5**	**89.8**	89.1	88.6	88.7
Retiring in 20 years – male	**84.2**	**86.4**	**87.3**	**86.7**	87.9	87.5	88.0
Retiring in 20 years – female	**89.5**	**90.4**	**90.0**	**90.8**	91.1	90.6	90.1

Statement of Financial Position in relation to all LGPS as at 31 March:	Group 2023 £m	Peabody 2023 £m	Group 2022 £m	Peabody 2022 £m
Present value of the defined benefit obligation	**30**	**7**	37	10
Fair value of fund assets (bid value)	**(30)**	**(7)**	(35)	(11)
Net defined benefit liability/(asset)	**–**	**–**	2	(1)

30. Pension liabilities continued

Reconciliation of LGPS opening and closing balances of the present value of the defined benefit obligation	**Group 2023 £m**	**Peabody 2023 £m**	Group 2022 £m	Peabody 2022 £m
Opening defined benefit obligation	**37**	**10**	39	10
Gain on acquisition	**4**	**–**	–	–
Interest cost	**1**	**–**	1	–
Actuarial losses/(gains) due to scheme experience	**2**	**–**	–	–
Actuarial losses/(gains) due to changes in financial assumptions	**(13)**	**(3)**	(2)	–
Benefits paid and expenses	**(1)**	**–**	(1)	–
Closing defined benefit obligation	**30**	**7**	37	10

Reconciliation of LGPS opening and closing balances of the fair value of fund assets	**Group 2023 £m**	**Peabody 2023 £m**	Group 2022 £m	Peabody 2022 £m
Opening fair value of assets	**35**	**11**	35	11
Gain on acquisition	**3**	**–**	–	–
Interest income	**1**	**–**	–	–
Experienced (losses)/gains on plan assets	**(8)**	**(4)**	1	–
Benefits paid and expenses	**(1)**	**–**	(1)	–
Closing fair value of assets	**30**	**7**	35	11
Actual return on assets	**2**	**–**	1	–

Amounts recognised in the Statement of Comprehensive Income in relation to LGPS are:	**Group 2023 £m**	**Peabody 2023 £m**	Group 2022 £m	Peabody 2022 £m
Net interest on the defined benefit liability	**1**	**–**	1	–
Total cost	**1**	**–**	1	–

Amounts recognised in other comprehensive income in relation to LGPS are:	**Group 2023 £m**	**Peabody 2023 £m**	Group 2022 £m	Peabody 2022 £m
Return on Fund assets in excess of interest	**(8)**	**(4)**	1	–
Change in financial assumptions	**13**	**3**	2	1
Experience loss on defined benefit obligation	**(2)**	**–**	–	–
Actuarial gain/(loss) recognised in other comprehensive income	**3**	**(1)**	3	1

EFHAPS Defined Benefit Scheme

During the year, Catalyst paid £950k (2021: £950k) into the pension scheme in accordance with the recovery plan agreed with the trustees of the scheme. The scheme is closed and no contributions are payable. The scheme has a small number of insured policies relating to pensioners previously secured through annuities. These policies are excluded from the pension provision as there is no net impact on the balance sheet, statement of comprehensive income, and statement of changes in reserves.

30. Pension liabilities continued

The estimated asset allocation as at 31 March is as follows:

	Group 2023 £m
Equities	**8**
Bonds including liability driven investments	**33**
Cash	**1**
Total assets	**42**

The major assumptions used by the actuary to value the liabilities of the scheme at 31 March under FRS 102 are:

% per annum	Group 2023
RPI increases	**3.45%**
CPI increases	**2.85%**
Pension increases	**3.20%**
Discount rate	**4.75%**

The demographic assumptions are consistent with those used for the most recent fund valuation, which was carried out as at 31 September 2022. The post-retirement mortality tables adopted are the S3NxA tables. These base tables are then projected using the CMI 2019 model, allowing for a long-term rate of improvement of 1.25% per annum, standard smoothing parameter of 7.0 and an initial addition parameter of 0.25% per annum.

The assumed life expectations are:	Group 2023
Retiring today – male	**87.6**
Retiring today – female	**90.0**
Retiring in 20 years – male	**88.9**
Retiring in 20 years – female	**91.4**

Statement of Financial Position in relation to EFHAPS as at 31 March:	Group 2023 £m
Present value of the defined benefit obligation	**42**
Fair value of fund assets (bid value)	**(42)**
Net defined benefit liability/(asset)	**–**

Reconciliation of EFHAPS opening and closing balances of the present value of the defined benefit obligation	Group 2023 £m
Opening defined benefit obligation	**–**
On acquisition	**55**
Interest cost	**2**
Actuarial losses/(gains) due to scheme experience	**1**
Actuarial losses/(gains) due to changes in financial assumptions	**(14)**
Benefits paid and expenses	**(2)**
Closing defined benefit obligation	**42**

30. Pension liabilities continued

Reconciliation of EFHAPS opening and closing balances of the fair value of fund assets	Group 2023 £m
Opening fair value of assets	–
On acquisition	60
Interest income	2
Experienced (losses)/gains on plan assets	(19)
Employer contributions	1
Benefits paid and expenses	(2)
Closing fair value of assets	**42**
Actual return on assets	**(14)**

Amounts recognised in the Statement of Comprehensive Income in relation to EFHAPS are:	Group 2023 £m
Net interest on the defined benefit liability	–
Total cost	**–**

Amounts recognised in other comprehensive income in relation to LGPS are:	Group 2023 £m
Return on Fund assets in excess of interest	(19)
Change in financial assumptions	14
Experience loss on defined benefit obligation	(1)
Actuarial loss) recognised in other comprehensive income	**(6)**

31. Capital commitments

	Group 2023 £m	Peabody 2023 £m	Group 2022 £m	Peabody 2022 £m
Development expenditure contracted for but not provided for within the financial statements	1,502	446	1,286	274
Development expenditure authorised by the Board, but not contracted	558	136	588	157
Total commitment	**2,060**	**582**	1,874	431
Of which:				
Stock commitment	456	17	776	–
Capital commitment	1,604	565	1,098	431
	2,060	582	1,874	431

The Group will fund the following commitments from:

	Group 2023 £m	Group 2022 £m
Debt funding available	1,608	1,507
Cash available	141	125
Funds to be sourced from future surpluses, debt funding and grant	311	247
Total	**2,060**	1,874

32. Commitments under operating leases

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Group recognises annual rent expense equal to amounts owed to the lessor. The aggregate benefit of lease incentives is recognised as a reduction to the expense over the lease term on a straight-line basis.

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

Total future minimum lease payments under non-cancellable operating leases are due as follows:

	Group 2023 £m	**Peabody 2023 £m**	Group 2022 £m	Peabody 2022 £m
Operating leases which expire:				
Within one year	**2**	**2**	1	1
In the second to fifth years inclusive	**6**	**5**	2	1
Over five years	**6**	**4**	4	3
Total	**14**	**11**	7	5

33. Contingent liabilities

The Group receives grants from Homes England and from the GLA, which are used to fund the acquisition and development of housing properties and their components.

Grants received in relation to assets that are presented at deemed cost at the date of transition to FRS 102 have been accounted for using the performance model as required by SORP 2014. In applying this model, such grant has been presented as if it were originally recognised as income within the Statement of Comprehensive Income in the year it was receivable and is therefore included within brought forward reserves.

The grant which has been written off to reserves represents contingent liability to Peabody and the Group £1,693m (2022: £468m).

The increase in contingent liabilities is a result of the acquisition of Catalyst Housing Group (see note 34). Government grants of £1,227m associated with housing properties acquired from the business combination with a net position of £111m, were included within the Gain arising from Gift of Net Assets within the Consolidated statement of comprehensive income. As these properties were included at fair value on acquisition, no grant is disclosed within creditors.

On the event of the housing properties being disposed, the Group is responsible for the repayment or recycling of the grant.

34. Business combination

On 1 April 2022, Peabody Group combined with Catalyst Housing Group. The business combination established Peabody Trust as the Group parent. Acquisition accounting has been applied to the business combination and a fair value assessment was completed for the assets, liabilities and activities of Catalyst Housing Group. The key areas impacted by the fair valuation were housing properties (and the release of the associated grants to reserves), investment properties, other fixed assets, fixed rate loans, pension liabilities and derivative financial instruments.

Acquisition accounting requires that we recognise the fixed rate loans as variable rate loans, with the effective market value at the point of acquisition. This increased the loan value recognised in the books by £39m, but does not affect the cash payments required to repay the loan. The release of deferred capital on acquisition is £111m, of which £109m is released from creditors: amounts falling due after more than one year.

The business was transferred to Peabody Group as a gift to the value of £1,833m, being the fair value less any associated costs of the business combination of £27m. This is shown as a gain arising from gift of net assets within the Consolidated Statement of Comprehensive Income.

34. Business combination continued

The assets acquired and consideration paid were as follows:

	Fair value £m	Book value £m	Fair value adjustment £m
Fixed assets			
Tangible fixed assets – housing properties	3,380	3,370	10
Tangible fixed assets – other	8	9	(1)
Intangible fixed assets	8	15	(7)
Investment properties	17	17	–
Investments – HomeBuy loans	74	74	–
Investments – joint ventures	36	36	–
Total non-current assets	**3,523**	**3,521**	**2**
Current assets			
Stock	103	106	(3)
Debtors	37	37	–
Cash and cash equivalents	98	98	–
Total current assets	**238**	**241**	**(3)**
Creditors: amounts falling due within one year	(215)	(218)	3
Net current assets	**23**	**23**	**–**
Total assets less current liabilities	3,546	3,544	2
Creditors: amounts falling due after more than one year	(1,666)	(1,736)	70
Other provisions	(1)	(1)	–
Derivative financial instruments	(14)	(14)	–
Pension liability	(5)	(5)	–
Net assets	**1,860**	**1,788**	**72**
Capital and reserves			
Income and expenditure reserve	1,849	1,163	686
Revaluation reserve		614	(614)
Cash flow hedge reserve	11	11	–
	1,860	**1,788**	**72**

As a result of the business combination, the Consolidated Statement of Comprehensive Income includes the activity of Catalyst Housing Group from 1 April 2022 to 31 March 2023.

34. Business combination continued

Alignment of accounting policies

Due to the similar nature of Peabody and Catalyst's business activities, and the harmonising influence of the Regulator resulting from its reporting requirements, the pre-acquisition accounting policies and estimation methodologies were closely aligned; therefore, there was not a significant amount of further harmonisation required for the new combined entity.

The areas that required alignment of accounting policies or estimation methodologies are as follows:

Fixed Asset Component Types and Useful Lives

The housing property component categories were aligned as well as the useful economic life of the components. The impact of the alignment has been to increase the reported surplus by £300k for the financial year 2022/23.

Other

The other areas aligned to ensure uniformity were not material.

Non-recurring costs

Peabody and Catalyst incurred one-off costs associated with the business combination between Groups. They include the costs of undertaking the due diligence exercise and ensuring that there was a smooth transition to the newly formed entity coming into existence.

The one-off costs were exceptional and will not recur going forward as they were incurred to ensure the consummation of this business combination. The costs are comprised of avoidable costs which the Group would not have incurred had the business combination not been pursued.

At a Group level, these costs have been offset against the gain arising from gift of net assets in the Consolidated Statement of Comprehensive Income.

Below is an analysis of the one-off costs:

	Group 2023 £m
Legal and due diligence	3
People	5
Loan rationalisation fees	12
Lease rationalisation fees	7
Total	**27**

35 Legislative provisions, taxation and subsidiary undertakings

Peabody has the following wholly owned subsidiaries, all of which are established in England and Wales and have been included in the Group results unless indicated:

- Charlton Triangle Homes Limited (registered social landlord, registered charity, charitable Community Benefit Society)
- Dagenham Dock Limited
- Freshleaf Homes Limited****
- George Peabody Donation Fund (registered charity formed under an Act of Parliament)
- Harris Lodge Residents Company Limited*
- Maple Drive Management Company Limited*
- Oxley Close Number 2 Residents Company Limited*
- Peabody Capital plc
- Peabody Capital No 2 plc
- Peabody Central Housing Trust (formerly Create Communities Limited), from 1 April 2021 (registered Community Benefit Society)
- Peabody Community Foundation (registered charity)
- Peabody Construction Limited
- Peabody Developments Limited (registered social landlord, registered Community Benefit Society) and its wholly owned subsidiary:
  - Peabody (Services) Limited
- Peabody Group Maintenance Limited
- Peabody Investment Limited (dormant)

35. Legislative provisions, taxation and subsidiary undertakings continued

- Peabody Land Limited, and its wholly owned subsidiaries:
  - Peabody Waterfront Limited
  - Veridion Park Management Company Limited
  - Tilflex Management Company Limited
- Southmere Village Management Company Limited*
- Tilfen Land Limited and its wholly owned subsidiaries:
  - Cobalt Estate Management Limited*
  - Sienna Management Limited*
  - Tilfen Investment Properties Limited
  - Tilfen Regeneration Limited
  - White Hart Triangle Management Limited*
  - Tamesis Point Limited
- Town and Country Housing (registered social landlord, charitable Community Benefit Society) and its wholly owned subsidiaries:
  - TCHG Capital plc
  - Monson Homes Limited
  - TCHG Living Limited
  - Countrywise Repairs Limited***
  - Rosebery Development Company Limited
- Catalyst Housing Limited (registered social landlord, charitable Community Benefit Society) and its wholly owned subsidiaries:
- Catalyst by Design Limited*
- Catalyst Housing Charitable Trust
- Barnet Community Homes Limited
- CHL Developments Limited*
- Lea Valley Developments Limited*
- Catalyst Finance Limited
- Catalyst Developments (Wimbledon) Limited*
- Dee Park Developments (Catalyst) Limited
- Vintage Care Limited
- Connect Property Services Limited*
- Catalyst Housing Limited
- Aldwyck Company (Shefford) Limited
- Rosebery Housing Association Limited
- Lea Valley Homes Limited
- King Street Lettings Limited

* These subsidiaries are excluded from the Group's consolidated results.

** Peabody Trust has a majority holding in Harris Lodge, Oxley Close and Maple Drive which exist to administer service charges where there are owner-occupiers in addition to Peabody tenants.

*** Countrywise Repairs Limited is 51 percent owned by Town and Country Housing and 49% by Wates Living Space (Maintenance) Limited (part of the Wates Group) and is currently being wound down following termination of agreement with Wates.

**** The trade and assets of Peabody South East Limited was transferred to Peabody Trust on 31 March 2022 under a transfer of engagement.

35. Legislative provisions, taxation and subsidiary undertakings continued

Peabody Land Limited, Peabody (Services) Limited, Peabody Developments Limited, Peabody Waterfront Limited, Peabody Construction Limited, Monson Homes Limited, Catalyst by Design Limited, CHL Developments Limited, Lea Valley Developments Limited and Catalyst Developments (Wimbledon) Limited are trading subsidiaries involved in the development and sale of land and private residential property.

Freshleaf Homes Limited provides environmental services to both Group companies and third parties.

Peabody Group Maintenance Limited and Connect Property Services Limited provides repairs and maintenance services to Peabody.

Peabody Capital plc, Peabody Capital No 2 plc and TCHG Capital plc raise finance for use by Peabody and its subsidiaries.

Southmere Village Management Company Limited provides management services for Peabody.

36. Transactions with related parties

Related party transactions in the Group include transactions with subsidiaries, associates, joint ventures and compensation paid to key management personnel. Key management personnel are senior management team, board members and their close family. Compensation includes all employee benefits in exchange for services and consideration paid on behalf of Peabody in respect of goods or services provided to the entity. Compensation paid to key management personnel is shown in Note 5.

Rents received from tenant and leaseholder board members during the year are £18k (2022: £22k). Their tenancy agreements have been granted on the same terms as for all residents, and housing management procedures, including those relating to management of arrears have been applied consistently to the residents. Their position on the board does not favour their tenancy agreement, nor allow any preferential treatment.

Peabody has taken advantage of the exemption permitted by FRS 102 – 'Related Party Disclosures' and does not disclose transactions with other wholly owned entities within the Group that are eliminated on consolidation. There are also several subsidiaries in note 36 which Peabody does not consolidate, but there are no transactions between Peabody and these subsidiaries in 2022/2023.

Defined pension schemes are considered to be related parties. Further information of these schemes can be found in note 30.

Board members of Peabody have disclosed the following interests:

Description	Income/ (Expense) £	Debtor/ (Creditor) £
Helen Edwards is Chair of Recovery Focus (Richmond Fellowship). Peabody rents properties to the mental health charity.	37,861	(136)
Lord Kerslake served as a member on the Equans UK (previously Engie UK) Advisory Board which provides strategic advice and insight in the development of Engie's UK businesses. Subsidiaries in the Engie Group provided design and construction services to subsidiaries in the Peabody Group.	(1,971,748)	–
Lord Kerslake was chair of Be First, a regeneration company in Barking and Dagenham that provides planning application advice and related services.	(87,632)	–
Ian Peters serves as a member on the Equans UK (previously Engie UK) Advisory Board which provides strategic advice and insight in the development of Engie's UK businesses. Subsidiaries in the Engie Group provided design and construction services to subsidiaries in the Peabody Group.	(1,971,748)	–
Graham Woolfman serves as an Associate Consultant of Campbell Tickell Limited.	(74,201)	(29,400)
Philipa Aitken is Non-Executive Director of Camden and Islington NHS Foundation Trust.	(5,983)	–
Ravi Rajagopal is an investor in AgilityEco.	(130,165)	–
Jennie Daly is a director of Taylor Wimpey plc, with whom Peabody Group is engaged with carrying out developments.	(15,691,290)	40
Ian Jeffrey McDermott is a Director of Chartered Institute of Housing.	(14,330)	–

Information on changes to the composition of Peabody's Board and Committees can be found on pages 52 and 53.

Most of the decisions in relation to the third parties referenced above are not made at Peabody Trust or Peabody subsidiary board level since they are operational in nature and are within the authority delegated to executives. Where decisions are made at board level, Peabody has robust procedures in place which ensure that relevant board members do not receive the papers, do not count in the quorum and do not participate in any way in the decision making.

37. Intra group transactions between regulated and non-regulated entities

Peabody, a registered provider, transacts with non-registered entities within the Group. These transactions can be summarised as follows:

- Payment of invoices and other expenses on behalf of non-regulated subsidiaries which is reimbursed in full.
- Provision of intercompany loans to non-regulated subsidiaries. These loans fund capital development and working capital requirements. Any interest is charged at commercial rates of interest.
- Reimbursement of development costs paid by Peabody Construction Limited and Peabody (Services) Limited.
- Gift aid receipts from non-registered entities (note 11).

The recharges for services between non-regulated entities and regulated entities are:

	Peabody 2023 £m	Peabody 2022 £m
Total cash outflows to non-registered treasury entities of the group	**(49)**	(39)
Total cash outflows to other non-registered entities of the group	**(73)**	(14)
Total cash inflows from other non-registered entities of the group	**6**	6

38. Reconciliation of surplus for the year to net cash generated from operating activities

	Note	**Group 2023 £m**	Group 2022 £m
Surplus for the year		**1,900**	150
Adjustments for non-cash items:			
Gift on acquisition	34	**(1,811)**	–
Taxation on surplus on ordinary activities	12	**(7)**	19
Change in value of investment property	16	**50**	(34)
Net interest payable/(receivable)	9, 10	**138**	79
Amortisation of intangible fixed assets	13	**14**	10
Depreciation of tangible fixed assets	14, 15	**130**	87
Amortisation of grants and unwinding of grants on disposal	26	**(14)**	(16)
Surplus on sales of fixed assets	7	**(72)**	(80)
Share of JV profits	20	**(9)**	(1)
Decrease/(increase) in trade and other debtors		**7**	(52)
Decrease/(increase) in stocks		**167**	(70)
(Decrease)/increase in trade and other creditors		**(18)**	54
Net cash generated from operating activities		**475**	146

39. Subsequent events

The following occurrences after 31 March 2023 are non-adjusting subsequent events:

Transfer of engagements

On 3 April 2023, the assets, liabilities and activities of Catalyst Housing Limited were transferred into Peabody Trust by a transfer of engagements. The first set of the combined entity accounts will be prepared for the year ending 31 March 2024.

Notes

Notes

Board, Executive Team and Advisers

Peabody Trust (Registration no.7741)

David Hardy	(Interim Chair from 8 August 2023)
Lord Bob Kerslake	(Former Chair, died 1 July 2023)
Phillipa Aitken	
Peter Baffoe	
Ann Bentley CB	(Appointed 1 December 2022)
Jennifer Daly	(Retired 30 June 2022)
Helen Edwards CB	
Zebrina Hanly	(Resigned 30 November 2022)
Terry Hartwell	
Paul Loft	(Retired 31 March 2023)
Matthew Martin	(Appointed 1 December 2022)
Ian McDermott	(Appointed from 1 April 2022)
Deirdre Moss	
Ian Peters	(Resigned 19 September 2022)
Ravi Rajagopal	(Acting Chair 1 July 2023 to 8 August 2023)
Cary Wakefield	
Graham Woolfman	
Eustace Xavier	(Appointed 1 September 2023)

Group Secretary
Sarah Cameron

Chief Executive
Ian McDermott

Executive Team of Peabody Trust during the financial year ended 31 March 2023 and up to the date of this report

Ian McDermott	Chief Executive
Stephen Burns	Executive Director Care, Supported Housing and Inclusion
Sarah Cameron	General Counsel and Group Secretary
Peter Evans	Executive Director, Property Services and Assets
Ashling Fox	Deputy Chief Executive Officer (resigned 30 November 2022)
Bob Heapy	CEO, Town and Country Housing
Elly Hoult	Executive Director, Sustainability and Innovation (appointed 2 January 2023) and appointed Chief Operating Officer with effect from 1 April 2023
Eamonn Hughes	Chief Financial Officer
Phil Jenkins	Executive Director, Development
David Lavarack	Executive Director, Corporate Services
John Lewis	Executive Director of Thamesmead
Sarah Thomas	Chief Operating Officer (resigned 31 March 2023)
Richard Mortimer	Executive Director of Development and Sales (resigned 2 April 2022)

Registered office, 45 Westminster Bridge Road, London SE1 7JB. Peabody Trust is a charitable Community Benefit Society registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 (number 7741) and with the Regulator of Social Housing (number 4878).

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